

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Monday August 6 1984

East-West German

flirtation worries
Moscow, Page 8



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NEWS SUMMARY

GENERAL

Kinnock may split with Left on miners

A split between Mr Neil Kinnock, the Scottish Labour Party leader, and left-wing trade union leaders looks likely to disrupt the party's election strategy this summer in an attempt to force the Government to end the pit strike.

The Labour leadership has chosen to make known the possibility of action before it has been turned into a firm plan and also the doubts of Mr Kinnock and senior colleagues about whether it might work.

One interpretation is that the Labour leader both wants to distance himself from such action and force a reconsideration. Page 3

Europe space hope

European space officials' hopes for securing a big share of the satellite telecommunications market have received a boost from a successful launching that might intensify transatlantic commercial competition.

Canada elections

Canada's ruling Liberal Party's prospects for the September 4 general election were affected by the resignation of campaign director Bill Lee and other senior officials. Page 2

Sri Lanka ambush

A senior police officer was killed and an army major seriously injured in a separatist Tamil guerrilla ambush in Sri Lanka's northern district of Jaffna. Page 2

Bangladesh crash

All 48 passengers and crew of a Bangladesh Fokker F-27 were killed when it crashed in a marsh near Dhaka airport.

Hiroshima rally

Twenty thousand anti-nuclear campaigners held a rally in Hiroshima to mark the 39th anniversary of the world's first atomic bomb attack.

Red Sea rescue

Saudi naval launches headed for the southern reaches of the Red Sea to pick up the crew of a Liberian tanker, the Oceanic Energy, reported to have hit a mine. A dozen ships have recently been damaged by explosions in the area. Page 2

Antwerp bombing

Part of the palace of justice in Antwerp, Belgium, was destroyed by a bomb. Spanish Basque separatists are suspected.

Moscow video

The Soviet Union has started to produce its own video recorders, which are reported to be based on a Japanese design but are unable to play Western tapes.

Soviet sentences

Three members of a Soviet gang, who beat three people to death for the amusement of their girlfriends, have been sentenced to the firing squad.

Richard Burton dies

Richard Burton, the British actor, died of a cerebral haemorrhage in a Geneva hospital. He was 59.

Gold for Lewis

Carl Lewis, the star U.S. athlete, has won one gold medal and is set to win three more. Michael Thompson-Niel in Los Angeles looks at this phenomenon. Page 22

Prost's German win

Alain Prost (France) beat his McLaren team-mate Niki Lauda (Austria) into second place in the West German grand prix at Hockenheim, and leads him 48-39 at the head of the Formula One world championship standings.

BUSINESS

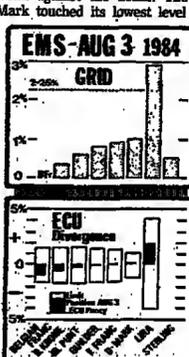
U.S. car sales increase sharply

U.S. CAR sales continued to rise rapidly in July, illustrating the present strength of consumer demand. Total deliveries by General Motors, Ford and Chrysler rose by 19 per cent to 659,000. Page 22

TOYKO share prices closed sharply higher in Saturday's half-day session, buoyed by Wall Street's continued advance and the yen's rise against the dollar abroad. The Nikkei Dow index rose 151.51 to 10,385.12.

NO PRESSURE was put on the European Monetary System last week. The members of the system were little changed, and weaker currencies such as the Belgian franc held steady because the D-Mark was weak against the dollar. The D-Mark touched its lowest level for

EMS-AUG 3 1984



1 1/2 years against the dollar, and the Dutch guilder the lowest for 12 1/2 years. The guilder also fell to a record low against the D-Mark, but remained comfortably placed within the EMS. The French franc and Italian lira were at record lows against the dollar, but all members strengthened against the U.S. currency at the end of the week.

The chart shows the two constraints on the European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2 1/2 per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

ITALY plans to take advantage of a more favourable market for international borrowers by refinancing a \$600m credit for its electricity utility, Enel, on better terms. Page 19

GREECE will pay for up to 1.5m tonnes of Iranian crude with goods and services next year in the first complete barter deal to be concluded by Iran.

INVESTORS seeking shares in Jaguar, the British car maker, which is being privatised, will learn today on what basis shares will be allotted. Page 22

UK INDUSTRIAL and commercial companies' total assets had a book value of over £300m (\$383bn) at the end of 1981, two thirds more than at the end of 1977, according to the Trade Department.

ROYAL DUTCH/SHELL is to reduce its role in the second stage of Brazil's Sao Luis aluminium project from 40 to 18 per cent because of the metal's poor price prospects. Page 2

Financial Times

Today's issue appears as a one-section newspaper reflecting normal seasonal decline in pagination. International Capital Markets, normally the front of Section II, appears on Page 19.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Peres will seek to form broad-based government

BY DAVID LENNON IN TEL AVIV

PRESIDENT Chaim Herzog has asked Mr Shimon Peres, the Labour Party leader, to try to form Israel's next government. That step might break the political deadlock that has followed last month's inconclusive general election.

Mr Herzog said he hoped Mr Peres would form a government of national unity with the Likud bloc, led by the outgoing Prime Minister, Mr Yitzhak Shamir. The two party leaders agreed to meet today to continue their discussions on the possibility.

Accepting the President's invitation, Mr Peres said: "I will work faithfully to reflect the wishes of the people, as it has been expressed in the elections, to form as broad a government as possible, a national unity government, which will

bridge the cracks which have appeared within us. A government of rapprochement." Both Labour and Likud will continue their separate efforts to put together a narrow coalition, in case the talks on a national unity collapse.

Mr Peres, who initially will have three weeks to form a coalition, made clear yesterday that he was keeping the option open. So did Mr Shamir, who still hopes he may be able to head the next government, if the Labour leader fails.

The President urged the speedy establishment of a new government, because, he said, Israel had "reached an economic situation that may well be the most dangerous and difficult this state has ever known."

"There is unanimous awareness

among the parties of the gravity of our economic condition and of the perils in store for us if this economic decline is not checked at once. The point of crisis may be reached earlier than we think or feel," Mr Herzog said.

In the election, Labour won the largest number of seats in the 120-seat Knesset, 44 seats to Likud's 41. In the two weeks since the election, both main parties have been finding it extremely difficult to form a narrow coalition together with some of the 13 other parties which won seats in parliament.

That led President Herzog to call on Likud and Labour last week to try to form a broadly based government. In two meetings, Labour and Likud leaders failed, however, to make any real progress.

The momentum created in being given first chance to form a government might swing some of the small religious parties over to Mr Peres. That undoubtedly will strengthen his hand during the discussions on either a broad or a narrow coalition.

Neither Likud nor Labour is keen to enter a coalition led by the other, although under pressure they have both reluctantly said they would be prepared to do so. In both cases, their first choice would be a narrow coalition, allowing one of them to direct the government.

When urging the creation of a national unity government, the President also emphasised the dangers to the state caused by internal divisions. Mr Herzog referred indirectly

to the racist Kach party when he spoke of the growing absence of tolerance within Israel.

"To our shame, it has received frightening and disgraceful public expression, which must revolt all citizens," he said.

At the weekend more than 5,000 Arabs and Jews demonstrated in the Arab town of Umm Al-Fahm against Kach leader Rabbi Meir Kahane's calls to drive all the Arabs out of Israel and the occupied territories.

IG Metall strike to hold back German recovery

By Rupert Corwell in Bonn

THE LONG strike in the West German engineering industry will cost the country up to 1 percentage point of the projected economic growth this year and almost 200,000 jobs, according to Herr Gerhard Stoltenberg, the country's Finance Minister.

Herr Stoltenberg expects the economy to expand by only 2.5 per cent in 1984, against the 3 to 3.5 per cent it might otherwise have achieved.

That, he declared, would mean a drop in unemployment of a bare 10,000, instead of the 200,000 decline which had previously been likely.

Name the loss, in a newspaper interview, Herr Stoltenberg insisted that the medium-term economic prospects for both West Germany and Europe as a whole were encouraging.

Western Europe could look forward to several years of sustained economic recovery, provided that Britain, France, the Benelux countries and Scandinavia could reap the fruits of the present stabilisation policies.

Herr Stoltenberg defended himself vigorously against charges that he had devoted excessive attention to cutting the Government's borrowing needs, in the process neglecting the longer-term difficulties of the economy.

Fresh borrowing in 1984 would fall well below DM 30bn (\$10.38bn), he confirmed. His target was to cut public spending as a proportion of gross domestic product (GDP) to 45 per cent by 1987, from 50 per cent in 1982, when the present centre-right coalition took power in Bonn.

If it secured a second term at the next elections in 1987, the goal would be to bring the share down to 40 per cent of GDP - the same figure, Herr Stoltenberg pointed out, as in 1969.

He outlined a series of key measures the Cabinet would be examining this autumn, all aimed at strengthening the longer-term prospects of the economy.

They included a draft Bill to promote flexibility in the labour market, by promoting part-time work and shortening the duration of statutory contracts.

There would also be a Bill to encourage venture capital companies active in high technology, and outline plans for the sale of further state interests to the private sector.

All those moves would help to make the economy more dynamic and competitive in international terms, Herr Stoltenberg declared.

Mexican debt plan given cool response

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

OUTLINE proposals for a new \$400m rescheduling of Mexican public debt have failed to entice bank lenders in Europe.

Worries on the part of bank lenders emerged at a meeting in London on Friday of 88 international banks, mainly from Britain and Scandinavia. The meeting had been called by Lloyds Bank, a member of the banks' negotiating committee, to test the climate for the proposals, discussions on which are to resume in New York today.

Mexico has proposed a 15-year rescheduling of public-sector debt due between the end of this year and 1990. It wants the deal to include some debt that has already been rescheduled once, as well as the \$5bn credit arranged last year. It is also seeking a commitment from creditor banks that they will make fresh loans available if interest rates rise.

According to bankers present at

Friday's meeting however, there is considerable resistance to such a long-term approach to Mexico's debt. If adopted, the proposals would commit lending banks to a rescheduling extending way beyond the term of office of President Miguel de la Madrid as well as that of the current International Monetary Fund (IMF) programme for Mexico, which is to expire next year.

One worry expressed at the meeting was that a long-term rescheduling would lock bank lenders into Mexico while other creditors such as governments and bond holders might be repaid. But there was general hostility to the idea of reopening loan agreements made since the Mexican debt crisis arose in 1982.

Mexico wants a lower interest margin on the rescheduled debt to apply from January 1 next year. Its present interest margin over Euro-currencies averages 1 1/2 per cent,

which represents an annual service charge of \$900m on the debt affected.

It also wants banks to drop their normal rescheduling fees, which might amount to as much as \$400m on the basis of precedent.

The reaction of smaller lenders to the Mexican proposals means that at best its preferential rescheduling deal will have a difficult birth. Sr Jesus Silva Herzog, Mexico's Finance Minister, was promised better rescheduling terms after a meeting between top bank chairmen and Mr Jacques de Larosiere, managing director of the IMF, in Philadelphia last May.

The intention was to reward Mexico for its progress in restoring order to its balance of payments.

That promise, however, apparently failed to take account of the

Continued on Page 22
International credits, page 19

Opec overproduction 'still feeding oil glut'

BY RICHARD JOHNS IN LONDON

THE RECENT oil glut in the developed world shows little prospect of drying up, according to the latest oil market analysis of the International Energy Agency (IEA).

The glut has been largely caused by excess production among members of the Organisation of Petroleum Exporting Countries (Opec).

According to the Paris-based agency, Opec output in July remained well over the 17.5m barrels a day (b/d) ceiling reaffirmed by Opec Ministers last month in Vienna.

Fears of Opec overproduction have driven spot crude prices sharply lower in the last three weeks and caused the British Government to apply direct pressure to oil companies not to undermine the

official price structure of North Sea oil set by the British National Oil Corporation. Ministers fear that such a development might lead to a renewed run on sterling.

The latest IEA oil market report suggests that Opec as a whole produced 18.6m b/d of crude in July and that Saudi Arabia produced 5.3m b/d rather than the 5m b/d unofficial ceiling accepted by the Saudis.

Those estimates are likely to be revised downwards in the August IEA report, however, to bring them more closely into conformity with figures put out by Shell and British Petroleum (BP), which put Opec July output between 17.3m b/d and 18m b/d.

None the less, figures from the

IEA, one of the few official sources of information about world oil production levels, seem likely to confirm further the battered oil market when it reopens today.

Oil traders, operating in the belief that large quantities of barrels from the recent Saudi Royal-Royce/Boeing deal are entering the market, have knocked \$3 a barrel off the price of Brent crude since early July, although the release of the Shell and BP estimates late last week helped to steady the market's nerves.

The IEA report also contains the agency's first projections for demand for 1985. It estimates that demand for oil in the industrialised

Continued on Page 22

Zia tries to save UK car deal

BY JOHN ELLIOTT IN ISLAMABAD

A LAST-MINUTE attempt has been launched to rescue plans to transfer the production line of the Morris Ital, produced by BL, the British state-owned vehicles group, to Pakistan. The move follows the personal intervention of President Zia-ul-Haq, Pakistan's military ruler.

BL reached agreement in principle almost a year ago to ship its 1.8-litre Ital production line from Longbridge, near Birmingham, to Pakistan, where it is to be produced as a diesel car.

The Ital project has been deadlocked for some weeks because one of its three financial partners, based in the Middle East, withdrew from the £20m (\$28.2m) project.

The Pakistan company involved, Associated Agencies of Lahore, also failed to complete its end of the negotiations.

On Saturday night, President Zia held talks lasting more than an hour with Mr Harold Musgrove, chairman of BL's Austin Rover Group, who flew from the UK with

a four-man team for the meeting. The President made clear that he supported the project. Shortly before the meeting, he said he was specially keen for the Ital to replace the country's ageing taxi fleets, based on another British model, the old Morris Minor 1000.

"We are short of transport and Morris has been a very popular car in Pakistan, particularly as a taxi in Rawalpindi and Lahore and elsewhere," he declared.

As he left Islamabad yesterday morning, Mr Musgrove said: "Whereas I came here on Thursday feeling fairly pessimistic, I am leaving fairly optimistic about the deal going ahead."

The agreement to ship the Ital production line to Pakistan over three years was finalised in December, at the same time as BL arranged to send its Rover two-litre car production line to Madras, in southern India.

Those will be among the largest of a series of recent ventures in-

volving redundant manufacturing facilities being shipped from Europe to the developing world.

Associated Agencies, which intends to produce a taxi derivative of the Ital, agreed to be the majority partner holding 38 per cent of the £10m total equity, with another 15 per cent being floated publicly in Pakistan.

The Al Ghurair Group of Dubai, which owns the Bank of Oman and has other partnerships with Associated, took 35 per cent, and Austin Rover 14 per cent.

Al Ghurair withdrew this year, allegedly because of a conflict of interest with a Middle East dealership it runs for Toyota of Japan.

Toyota, with other Japanese companies, would like to produce cars in Pakistan, where the only other car plant assembles Suzuki 600cc vehicles in a public-sector factory.

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Jaguar to announce allotment, Page 22; U.S. car sales near, Page 22

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OVERSEAS NEWS

Tanker damaged by mine in Red Sea

By Tony Walker in Cairo

AN OIL TANKER on its way to Jeddah in Saudi Arabia appears to have been badly damaged in the latest of a series of mystery explosions in the Gulf of Suez and the Red Sea.

The Libanian-registered tanker, the 41,000-ton Oceanic Energy, sent out a distress call early yesterday claiming it had hit a mine about 200 miles south of Jeddah. Saudi naval launches rushed to the scene.

About 12 ships are thought to have been damaged by explosions in the Gulf of Suez and the Red Sea since July 10 when a Russian ship was hit.

Western diplomats in Cairo have an extremely militant group associated with Iran may be responsible for laying mines in the region. Another possible culprit could be Libya. A Libyan ship was hit through the Suez Canal on July 6.

Israeli bank charge

Israel's top four banks are facing unprecedented criminal charges because of allegedly acting as a cartel in fixing interest rates last year. The attorney-general has submitted an indictment to the Jerusalem magistrate's court charging that bank Leumi, Bank Hapoalim, the Discount Bank and United Mizrahi Bank acted in concert to keep payment of interest on one type of account below the level that free competition would have yielded. Bank officials claimed the charges were insignificant.

Iran confidence vote

Iranian Prime Minister Mirhossein Mousavi won a vote of confidence from the Majlis (Parliament) yesterday as his diplomats said he left his secure position despite apparent recent attempts to undermine his position. Reuters reports Mousavi took more than three-quarters of the vote—163 for, 21 against and 25 abstentions.

Reagan pledge on income taxes

BY STEWART FLEMING IN WASHINGTON

PRESIDENT RONALD Reagan has vowed not to propose an increase in personal income taxes and promised to veto any legislation to increase personal tax rates if he is re-elected in November.

The President's pledges, made in his weekly radio broadcast, go further than before in seeking to rebut the charges made by Mr Walter Mondale, the Democratic Party presidential candidate, that the White House has a "secret plan" to raise taxes in order to reduce the federal budget deficit.

Mr Larry Speakes, the White House spokesman, said the President's remarks were "ruling out any

income tax increase for the foreseeable future."

Mr Reagan, however, limited his remarks to the area of personal taxes and hinted that he is leaving open the possibility of tax reforms designed to make the U.S. tax system "simpler or more fair."

The U.S. Treasury is studying tax initiatives which officials have said would be aimed at achieving these objectives. Mr Mondale on Saturday challenged the President to release the study so that the electorate could find out what the President planned to do before the election.

Reacting to Mr Reagan's efforts

to turn the tables on him by alleging that he would have to raise taxes by \$135bn "to square with all his promises," Mr Mondale said "my proposals are specific." He described the President's calculations as "loose pocus numbers," aimed at avoiding detailed debate upon the issues.

"He prefers long-distance charges to real debate," Mr Mondale said, thus raising another issue which he has laid at the President's doorstep, a reluctance by the White House to engage in a lengthy series of televised debates.

The latest exchanges on taxes follow Mr Mondale's success last

month in spreading confusion in the White House with his allegations of a "secret plan" to increase taxes.

Mr Reagan initially issued an ambiguous denial of the charge, creating the impression that there might be such a plan after all. Although the President has gone further now in rejecting the possibility of a tax increase, Mr Mondale is unlikely to let the issue die.

Among the options which the President's remarks have left open are proposals already being discussed in Washington which would limit tax deductions or introduce new consumption taxes.

Canadian Liberals campaign chief quits

By Bernard Simon in Toronto

THE NATIONAL campaign director of Canada's ruling Liberal Party has resigned, reinforcing forecasts in the past few days that the Liberals are heading for defeat in the September 4 general election.

The party's chief campaign organizer, Mr Bill Lee, joined by several other senior campaign officials, said he will take no further part in the election run-up. Mr Lee supervised Prime Minister John Turner's re-election campaign to succeed Mr Pierre Trudeau as party leader.

His departure appears to be linked to the appointment of a new campaign co-chairman last week of a Trudeau candidate Senator Keith Davey. Mr Davey is closely identified with the unpopular autocratic style of Trudeau's administration from which Mr Turner has been trying to distance himself, but was recalled amid signs of considerable confusion and disaffection in the Liberal campaign organization.

Several respected media commentators have begun predicting a clear election victory for the opposition Progressive Conservative Party. An opinion poll published last Friday gave the Conservatives a 10-point lead over the Liberals.

Parties get more time in Nicaragua

By Tim Coone in Managua

THE AUTHORITIES in Nicaragua have given two opposition parties more time to register to fight in the November presidential and National Assembly elections. They were given until midnight last night. The previous deadline had been July 25.

The Social Christian Party and the Social Democrat Party had earlier been registering earlier, demanding a series of conditions including that the Government should open talks with U.S.-backed guerrillas. On Saturday they asked for an indefinite prolongation of registration.

EEC fights back against 'unfair' Japanese imports

BY IAN RODGER IN LONDON

WESTERN industrialists have long complained bitterly about Japanese "laser" assaults on particular sectors, such as motorcycles, cameras and machine tools. But usually by the time the Americans or Europeans have organised themselves to respond the Japanese have become well established.

European construction equipment manufacturers, who last week succeeded in getting an anti-dumping inquiry launched by the European Commission on Japanese hydraulic excavators, believe that by acting quickly they have caught the Japanese misbehaving in the early, aggressive phase of their marketing strategy.

The complaints alleges that imports into the EEC of Japanese 280-decibel hydraulic excavators of 2 to 35 tonnes have increased from 20 units in 1980 to 906 units last year and that their sale prices have been well below those prevailing in Japan. The dumping margins are estimated to be significant, the Commission notice of the inquiry says.

The EEC manufacturers say Japanese price-cutting forced them to lower their prices to a level insufficient to cover their costs and provide an adequate return. The Japanese assault, coming at a time of general recession in the construction sector, exacerbated the effects of the recession and "contributed substantially" to a 17 per cent reduction in Community production between 1980 and 1983.

The emphasis in the notice on EEC producers and markets is partly misplaced. The Japanese excavator makers have concentrated their efforts so far almost entirely in Britain, and it is the Federation of British Manufacturers of Construction Equipment and Cranes pushed by J.C. Bramford Excavators, the only strong UK producers left, which has prepared the complaint.

The Japanese took 42 per cent of the UK market for excavators in the first half of 1984 compared with a negligible share in the late 1970s. Hitachi is now the market leader with nearly 20 per cent of sales. In 1979 it had less than 1 per cent.

Since the Japanese arrived in the UK, one domestic producer, Ruston-Bucyrus, has abandoned the business. Hymac, the former market leader, went bankrupt last year but was subsequently rescued. Another producer, Priestman Brothers, has contracted its operations substantially.

It would be wrong to lay the blame for the decline of these UK companies entirely at the feet of the Japanese. Until recently Hymac's products were outdated, and the other two never had large shares.

The Japanese have also, however, taken away a market share in Britain from other leading European producers, such as Orenstein & Koppel of West Germany and Pochlain of France. The UK manufacturers federation managed to get 18 companies from all over the EEC to sign the complaint.

Last month, the five Japanese companies active in the UK market, knowing that a Commission decision on an investigation was imminent, raised their list prices by 15 to 20 per cent. An official of the Japanese Ministry of International Trade and Industry said the companies were hoping to solve the problem of excessively low prices in the British market through negotiation.

There have been suggestions that the action by EEC producers is shortsighted. If the Japanese are restricted in EEC markets in one way or another, they will, it is argued, become more aggressive in other markets, such as the Middle East and Africa, to the detriment of European manufacturers established in those markets. The Japanese are already very active in most markets, however.

Some say major buyers of excavators will resent the European producers' action because it may lead to higher prices. Mr Ronald Stuart, president of the Construction Plant-hire Association in Britain, said he found no evidence of this.

Whatever conclusions emerge from the inquiry it is unlikely that the Japanese will disappear soon. As in other industrial sectors, they will probably negotiate voluntary restraint agreements under which their volumes and prices will be controlled. Some may set up manufacturing activities in the EEC.

C. H. Beazer, the UK distributor of Hitachi, is aiming to put up to 60 per cent local content in its excavators in the near future. Komatsu has considered acquiring a number of European companies. They would probably not find manufacturing in Europe very attractive, however.

Warsaw releases dissident

WARSAW — Mr Adam Michnik, the first prominent opposition intellectual to be freed under the Polish government's amnesty, is unlikely to have changed his uncompromising stance on the issue of a close friend said yesterday.

Mr Jan Jozef Lipski, a colleague in the now-disbanded dissident group KOR (workers defence committee), said he met Mr Michnik after his release on Saturday and found him in good psychological condition despite more than two and a half years in prison.

Mr Lipski said that Mr Michnik had said jail guards had bruised his arm and hurt his shoulder before his release in a dispute over whether he could take lecture notes made in prison away with him. The guards kept all the notes, he said.

Mr Michnik, who had vowed never to accept conditions attached to his release, said last night he was driven home by car and then physically carried to his apartment by security police. Today he was visiting friends in Warsaw.

Three other KOR leaders remain in jail. They are Mr Jacek Kuron, Mr Zdzislaw Romaszewski and Mr Henryk Wajc.

Mr Michnik, a 37-year-old historian and senior adviser to the now banned Solidarity union in its 1980-81 legal era, recently demanded in letters smuggled from Warsaw's Rakowicka prison to be allowed to assert his innocence in court. Reuters

Honecker seeks Soviet support

BY LESLIE COLT IN BERLIN

EAST GERMANY has ignored a vitriolic Soviet attack against its ties with West Germany and instead published a Soviet statement at the weekend which appeared to support East Berlin's stance on ties with Bonn.

East European diplomats said this reflected opposing views in the Soviet leadership on current East-West German relations.

The East German news agency and government press failed to publish the second sharp Soviet attack on East-West German links made late last week. Normally all important Soviet commentaries on the two German states are published verbatim in the East German newspapers.

Instead the main East German Communist daily, Neues Deutschland, published a Soviet article approving of the agreement between East and West which have taken place since the Helsinki conference.

The prominently positioned article clearly reflected the view of the East German leadership. It was carried by the Soviet news agency Tass and was written by the chairman of the Soviet Committee for European Security and Co-operation, Mr Lev Tokaev.

East German analysts in the Soviet leadership under Herr Eric Honecker, who is party chief and President, is cautiously seeking the support of Soviet advocates of a policy of continued detente towards West Germany in spite of the U.S. missile deployment.

At the same time, they explained, Herr Honecker cannot afford to ignore the tough line in Pravda criticising his policy of "limiting damage" between the two German states following its deployment.

This is seen to represent an increasingly powerful view in the Soviet Politburo put forward by Mr Dimitri Ustinov, the Soviet Defence Minister and supported by Mr Andrei Gromyko, the Soviet Foreign Minister.

West German officials say their East German counterparts are continuing to make preparations for a planned visit to West Germany in late September by Herr Honecker.

Smooth ride for Ariane rocket

BY DAVID MARSH IN PARIS

THE SUCCESSFUL 10th lift-off on Saturday of Europe's Ariane space rocket looks likely to give the French-led launcher considerable commercial benefit in its tussle with the U.S. for international satellite-launching orders.

Although the launch was delayed for one and a half hours by last-minute count-down problems, the Ariane-3 rocket, the first in a series of higher-powered models, carried out, with exemplary precision its mission of placing two European telecommunications satellites in geostationary orbit 36,000 km above the earth.

The launch, making a run of five perfect lift-offs since June, 1983, all but erased memories of two disastrous crashes earlier in the Ariane programme. It was hailed as "superb" by M Robert Curien, France's new Research and Technology Minister and former head of the CNES national space agency, who attended the launch at the

space base in Kourou, French Guiana.

The two satellites hoisted into the heavens were Telecom 1A, launched for the French Posts and Telecommunications Ministry, and ECS-2, the second in a series of spacecraft owned by the European satellite telecommunications organisation Eutelsat.

Both carry facilities for telephone and television transmission. Telecom-1, Europe's first national commercial telecommunications satellite, will also carry out specific business services such as video and data transmissions, mainly for French companies.

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space base in Kourou, French Guiana.

The two satellites hoisted into the heavens were Telecom 1A, launched for the French Posts and Telecommunications Ministry, and ECS-2, the second in a series of spacecraft owned by the European satellite telecommunications organisation Eutelsat.

Both carry facilities for telephone and television transmission. Telecom-1, Europe's first national commercial telecommunications satellite, will also carry out specific business services such as video and data transmissions, mainly for French companies.

WORLD TRADE NEWS

Call for Canadian LNG project

BY BERNARD SIMON IN TORONTO

NISSHO-IWAI of Japan has revived interest in an ambitious project to export liquefied natural gas from Canada to Japan by presenting new proposals to potential shareholders in the venture.

An official of Amoco, Canadian subsidiary of Standard Oil of Indiana, said the company was "taking a close look" at a new plan for the \$2.6bn (U.S. \$1,980m) scheme, known as the western LNG project. Nissho-Iwai has also approached Petro-Canada, the Canadian state-owned oil company, in an effort to find a Canadian majority shareholder.

The project proposes to deliver 154bn cubic feet of liquefied natural gas a year to a group of five Japanese utility companies. The utilities have already negotiated tentative supply contracts, but the venture has been delayed by a series of setbacks, including delays in the granting of a gas removal permit.

The project includes construction of a gas liquefaction plant and marine terminal at Prince Rupert on the British Columbia coast, pipeline facilities, and the chartering of five LNG carriers. The utilities, led by Chubu Electric, have threatened to withdraw if the project does not go

Shell cuts aluminium plant stake

BY ANDREW WHITNEY IN RIO DE JANEIRO

ROYAL DUTCH/SHELL is to reduce its participation in the second stage of a major aluminium plant from a planned 40 per cent to 18 per cent, in the light of the poor outlook for world prices for the metal and the existence of considerable over-capacity.

The decision by Shell to scale down its role in the Alumar project at Sao Luis—one of the largest under construction in the world—was disclosed at the end of last week by Alcoa's Brazilian subsidiary, the major partner in the complex.

Dr Alvaro Belda, president of Alcoa in Brazil, said the U.S. company would thus be increasing its share in the \$280m expansion programme to 82 per cent. The second stage will lift the plant's capacity from 100,000 to 225,000 tonnes by June 1986.

The reduction in Shell's investment, made through its Billiton Metals subsidiary, means a saving of \$62m and proportionate cut in its outlay. It also brings its overall share in the aluminium plant down to 27 per cent.

Dr Belda estimated the over-capacity in aluminium making worldwide at between 20 and 25 per cent.

Reuter reports from Seoul South Korea's Kukje-TCC Corporation is negotiating with the West Australian Government for a 50 per cent stake in a \$750m aluminium smelter in Worsley, West Australia due to be completed by 1987 with an annual capacity of 220,000 tonnes.

Shipping Report

Poor demand cuts tanker rates

THE ANTICIPATED collapse in tanker rates from the Gulf was confirmed last week with a Texaco relet vessel accepting Worldwide 24 for a 240,000-ton crude oil cargo from Saudi Arabia to Taiwan, David Lawrenson reports.

This reflects the lack of demand for very large crude carriers (VLCCs), according to Galbreath's, although it was not expected that the rates would slip to this level yet. E. A. Gibson Subbrokers reports that charterers are having no

problem repeating or lowering this level with the current oversupply of tonnage.

The technical rally which added \$1 per barrel to crude oil prices has not filtered through to the tanker market, and conditions will remain volatile until buyers are confident that the price will hold, says Gibson.

A degree of confidence comes from Fearnley, which sees the lack of tanker activity as a temporary lull. Weakening oil prices had made buyers play

for time and push for even lower prices, while producers' hopes increased demand would halt the slide.

Little improvement has been seen out of Indonesia, with a 75,000-ton cargo moved to the Mediterranean at Worldwide 52, with the option of the Caribbean at 42 and the U.S. west coast at 47. Scant business from West Africa has seen a 90,000-ton cargo to the U.S. Gulf at 37 and 80,000 tons to the UK/Continent/Mediterranean at 45, Gibson says.

France and Belgium in high-tech accord

COMPAGNIE Generale d'Electricite, the French state-owned telecommunications and engineering conglomerate, has signed a co-operation accord with Belgian industrial partners to step up high technology collaboration between the two countries.

The agreement, with Societe Generale de Belgique, the holding company with widespread financial and industrial interests, covers in particular telephone systems, automated

manufacturing and energy equipment.

WORLD ECONOMIC INDICATORS

	UNEMPLOYMENT				
		July '84	June '84	May '84	July '83
UK	00%	3,101.0	3,059.0	3,023.0	3,023.0
	%	12.9	12.8	12.8	12.8
W. Germany	00%	2,112.6	2,133.2	2,253.3	2,127.1
	%	7.8	7.9	8.4	7.9
France	00%	2,147.7	2,167.5	2,244.8	1,877.7
	%	12.8	12.9	13.2	12.2
Italy	00%	2,883.1	2,929.7	2,959.7	2,624.5
	%	12.8	13.0	13.1	11.6
Netherlands	00%	815.9	807.2	814.5	792.7
	%	14.5	14.4	14.5	14.2
Belgium	00%	548.7	552.1	558.1	545.1
	%	12.4	12.4	12.7	13.3
U.S.	00%	8,130.0	8,314.0	8,843.0	11,162.0
	%	7.1	7.5	7.8	10.0
Japan	00%	1,600.0	1,680.0	1,780.0	1,880.0
	%	2.6	2.6	2.7	2.4

TRADE PROSPECTS WITH PAKISTAN

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Handwritten signature or mark at the bottom of the page.

UK NEWS

Kinnock and Left face split on miners

BY OUR POLITICAL AND LABOUR STAFF

A SPLIT between Mr Neil Kinnock, the Labour leader, and left-wing trade union leaders now looks possible over proposals for intensified disruption of key areas of Britain's economy later this summer to force a quick end to the coal dispute. It is the so-called "big bang" approach.

Significantly, the Labour leadership has deliberately chosen to make known both the possibility of such a "big bang" before it has been turned into a firm plan and the doubts of Mr Kinnock and his senior colleagues about whether such an option might work.

One interpretation is that the Labour leader both wants to distance himself from such moves and to force a re-think before they are attempted.

Mr Kinnock apparently believes that the views of union leaders have hardened as a result of both the length of the dispute and last week's sequestration of some of the funds of the South Wales miners.

Some union leaders were taken back at the Labour-inspired weekend reports of plans for widespread disruption in support of the miners. Their view had been that the tentative proposals were a long way from getting off the ground, if at all.

However, Mr Ron Todd, general secretary-elect of the Transport and General Workers' Union, gave credence to Mr Kinnock's apparent fears in outspoken comments in a radio interview yesterday.

Far from playing down the "big bang" theory, Mr Todd played it up. He said: "If by 'big bang' people mean that we have come to a situation where it's going to require one major disruption by the trade union movement to bring this Government to its senses, then there might be some logic in that."

"I am talking not just about plans resolutions or rhetoric. I am talking about a total trade union commitment to the miners."

Mr Todd said it was time that the Trades Union Congress (TUC) indicated some "positive support" for the strikers. They should be provided with sufficient funds to ensure they could not be "starved into submission" and there should be a commitment by all union members not to cross picket lines and not to do work others had refused to do.

FT writers continue to draw up their personal Top Ten. Today Barry Riley picks out the worst business cliches Words that show the state of the art

EVERYBODY no doubt has a business cliché which he loves to hate, from the chairman's annual observation that it is always "exceptionally difficult to forecast" to the business school professor forever grappling with cash cows and alternative scenarios.

Many of the most jarring clichés inevitably emanate from the U.S. business scene. They used to originate from places such as the Harvard Business School, but these days they are often technology based - as in user friendly - or spring from securities market jargon.

The most hackneyed business clichés are likely to have some - though fortunately rarely all - of the following characteristics. They feature long, obscure words rather than short, familiar ones in an effort to impress but not to illuminate - beware of disintermediation, for example. They have euphemistic overtones, in an effort to disguise starker truths - people no longer default on obligations, but renegotiate them.

Some are simply overused. They are clever or at any rate acceptable when first coined but become intolerable when trotted out yet again - no doubt in a subtly wrong context - by an assistant public relations officer or a junior minister.

Such speakers can instantly transport us into the high profile world of ongoing situations in which people indulge in top slicing and market segmentation, and if they are clever they wrestle with conceptual frameworks.

In no particular order, here are my own ten choices. Since the selection is tricky, I will begin by showing sympathy to the company chairmen who invariably refer to the "difficult economic conditions" faced during the year. Plainly it would be unwise ever to admit to easy economic conditions, for shareholders might expect correspondingly good results.

In tough circumstances "hands-on management" is clearly desirable although it is less clear what precisely the phrase means. At a guess, it implies that the top executives are always interfering in what their subordinates are doing.



- TOP CLICHES
Difficult economic conditions
Hands-on management
We don't want to re-invent the wheel
Business strategy
Learning curve
We are going to be among the survivors
Restructuring
State-of-the-art
Key parameter
The bottom line

Hands-off management is never admitted to - which is not to say that it does not exist.

Innovation is a good thing, but many companies are adamant that "we don't want to re-invent the wheel." They want to copy what others are doing, and indeed to imitate their phraseology. Who would want to re-invent a cliché?

My next choice is anything to do with a "business strategy," especially when it is developing, focused or optimistic. Strategy has largely replaced the simpler word plan, having the advantages of more syllables and aggressive militaristic overtones.

Many people like to move down, or up, or at any rate along the "learning curve," a concept which once had rather precise production

cost applications, but nowadays seems to be applied to many situations in which people hope they will be able to learn from their mistakes.

With the economic recovery, fortunately, the survival cliché is less in evidence. "We are going to be among the survivors" was the proud boast of many a doomed chief executive, and survival plans proliferated during the recession. Perhaps survival strategy was thought a little clumsy.

Survival, however, usually required "restructuring," a usefully neutral alternative to shrinkage or closure.

Back to the US for "state-of-the-art," an extraordinarily unwieldy adjective which has spilled over from the wider reaches of the high-tech sector. Then there is the "key parameter," a bafflingly elusive concept. According to the dictionary a parameter is a quantity which is constant but can vary in other cases, which does not help much. It is idle to speculate on which parameters influence the transformation of a phrase into a cliché.

Finally, the bottom line just has to be "the bottom line," originally a reference to the earnings per share information given at the foot of U.S. company results statements. Now it has become absolutely the end.

Tomorrow: The ten most memorable nights at the opera.

Four charged with theft of Rolls gas turbine components

BY IAN RODGER

FOUR MEN will appear in court at Rugby, Warwickshire, tomorrow, charged with the theft of gas turbine engine components from Rolls-Royce, the state-owned maker of aero and marine power units.

The charge specifies a single £100,000 rotor, but it is alleged to be part of a large number of components stolen over many years for use in military ship engines.

Sir William Duncan, chairman of Rolls-Royce since April 1983, said there had been "a very serious problem" at the group's Ansty works, near Coventry, where engines are built for industrial and marine use.

The thefts involved components for marine versions of the Tyne, Olympus and Proteus engines. The Tyne and Olympus engines are fitted on various large warships owned by Argentina, Brazil and Iran, among other countries. The marine version of the Proteus is fitted on hovercraft.

While police were investigating the thefts early this year they came across evidence of corruption in dealings between Rolls-Royce and five of its small suppliers of components. The police visited the suppliers and then advised other large manufacturers that their employees might be receiving gifts from

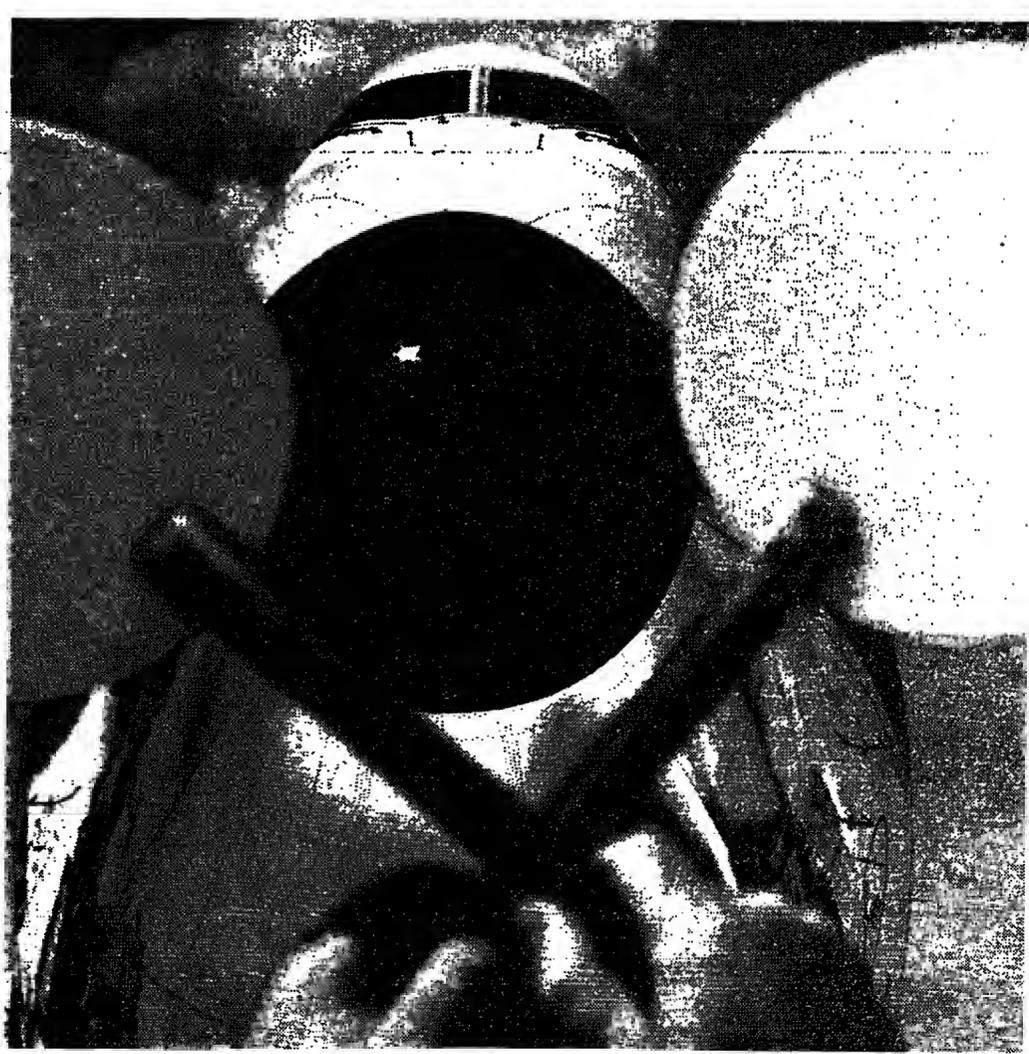
some of the five in return for orders. Jaguar Cars has also confirmed that it uncovered evidence of a problem and invited the police to investigate. The company said the dealings being examined were at a very small level. They involved the supply of limited batches of prototype components or consumables from small subcontractors, not major orders of production parts.

Any wrongdoing might turn out to be little more than breaches of company regulations, but the group was determined to stamp it out. Two other BL subsidiaries, Austin Rover and Land Rover, were also warned by police of possible corruption in dealings with the five subcontractors. In May, Austin Rover sacked six employees involved in obtaining components from outside companies after an internal inquiry. No allegations of criminal behaviour were made.

Charges were first laid in March against five men in connection with thefts of Rolls-Royce components, but one of them was found dead in a car in May, and an inquest jury returned a verdict of suicide.

The other four are likely to be released on bail after tomorrow's court appearance while police continue their investigations.

Part of having a good time is arriving on time.



Lufthansa German Airlines

BARCLAYS INTERNATIONAL

Results for the six months ended 30 June 1984.

The Directors of Barclays Bank International Limited report the following unaudited group results for the six months ended 30 June 1984 which include the results of Mercantile Credit Company Limited (see note 3).

Table with 4 columns: Item, Half year ended 30.6.84 £m, Half year ended 31.12.83 £m, Half year ended 30.6.83 £m. Rows include Group operating profit, Add: Interest on long term loan to Barclays Bank PLC, Less: Interest on loan capital, Profit before taxation and extraordinary items, Taxation, Profit after taxation, Profit attributable to outside shareholders of subsidiaries, Profit before extraordinary items, Extraordinary items, Profit attributable to the members of the Bank.

NOTES: 1. The Bank is a wholly owned subsidiary of Barclays Bank PLC but has its own listed unsecured loan capital. 2. The accounting policies are as explained on page 9 of the 1983 annual accounts. 3. On 1 January, 1984 Barclays Bank PLC transferred to the Bank, in exchange for the issue of 30 million ordinary shares of £1 each, the whole of the issued share capital of Mercantile Credit Company Limited (MCC). The transfer has been accounted for as a merger and the results for 1983 have been restated to include MCC.

Table showing contribution to group operating profit of the former Barclays Bank International group (former BBI group) and MCC as follows: June 1984, December 1983, June 1983. Rows: Former BBI group, MCC.

4. Group operating profit includes share of profits of associated companies of £18m (December 1983 £19m; June 1983 £21m). 5. Extraordinary items in 1984 comprise special provisions of £445m for deferred taxation and rebate of rentals attributable to leases with tax variation clauses offset by an additional group relief receipt of £450m and a surplus of £12m arising from a reduction in shareholding in an overseas subsidiary.



UK NEWS

Before you take off on business, make sure you've got everything.

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Make sure you've got an electronic headset and a pair of comfort socks.

Make sure you've got someone to fuss over you. (Only an airline with one cabin attendant for every ten passengers can make sure you've got that.)

Make sure you've got an airline whose route network can take you to 40 different destinations across four continents.

In short, before you take off on business, make sure you've got a ticket flying Royal Executive Class on Thai.



And you'll know you've got everything.



BT steps closer to share flotation

By Jason Crisp

AT ONE minute past midnight this morning British Telecom (BT) became a public limited company, bringing it one step nearer its massive share flotation this autumn.

In the language of Whitehall today is transfer day, when all the assets and liabilities of BT, the nationalised industry, pass to British Telecom plc which is, for the moment, 100 per cent owned by the Government.

Yesterday was the appointed day when large chunks of the 1984 Telecommunications Act came into force. This meant the new regulatory body, the Office of Telecommunications (OfTel) came into being and BT lost its long-held exclusive privileges to run Britain's telephone system.

With effect from yesterday BT is operating under a licence which sets out its rights and its obligations. It will be OfTel's job to see that it does, and investigate any complaints about its actions.

BT's customers are no longer legally impotent in their dealings with it. For the first time the customer will have a contract with BT and will be able to take it to court if it fails to provide the promised service.

From today OfTel is supposed to be alert to any sign that BT might be abusing its power as the dominant supplier of telecommunications services and equipment. Many of the details are spelled out in the licence, which was the result of protracted haggling between Government and BT.

These range from requirements to carry on providing loss-making services such as free emergency calls, public callboxes, services in rural areas to preventing it trading unfairly through cross-subsidisation.

OfTel is also responsible for ensuring that those other organisations which have been licensed under the Acts also meet their obligations. OfTel has considerable powers and the industry is going to be watching very closely to see how Prof Bryan Carsberg, the first director-general of OfTel, handles them. Dissatisfied customers of BT will be able to complain directly to him.

Prof Carsberg, and a small team recruited from the Civil Service, have an extensive brief to ensure fair play in the increasingly rough telecommunications game in the UK.

Industries shed over 300,000 jobs since nationalisation

By Robin Pauley

THE BRITISH Steel Corporation has shed 72 per cent of its workforce since passing into public ownership and 150,000 jobs have been lost from other industries nationalised and under the responsibility of the Department of Trade and Industry.

Mr Norman Lamont, Industry Minister, disclosed in a Parliamentary answer to Mr Eric Deakin, Member of Parliament for Walthamstow, that in March this year British Steel had 81,000 employees,

a fall of 72 per cent compared with the 257,000 workforce in 1967.

Mr Deakin asked Mr Lamont to specify for each publicly-owned industry and corporation for which his department was responsible the number of employees at the time of its passing into public ownership or in 1954, whichever was the later, and the present number of employees.

BL had 164,000 employees as British Leyland in 1975 but by last December had 81,000, a fall of 51

per cent. British Shipbuilders' workforce fell from 87,000 in July 1971 to 49,000 in March this year, a fall of 44 per cent. The Rolls Royce workforce was 39,000 in May this year, about 33 per cent down on the 1971 figure of 64,000.

British Telecom staff has not changed significantly, falling from an average 248,000 in 1981-82 to an average 245,000 in 1983-84.

The Post Office staff increased from 178,000 in October 1983 to 181,000 in March this year.

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re: **AM INTERNATIONAL, INC.**,
a Delaware Corporation, Debtor.

Chapter 11
No. 82 B 04922

IMPORTANT NOTICE TO THE HOLDERS OF THE 4% CONVERTIBLE DEBENTURES DUE 1988 OF AM INTERNATIONAL, INC.

This Notice is to advise you of certain events relating to AM International, Inc. ("AMI"), formerly Addressograph-Multigraph Corporation, and that September 1, 1984, has been set as the last day for you to file an acceptance or rejection of the Amended Plan of Reorganization (the "Plan") filed by AMI.

By order dated July 19, 1984, the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Court") approved the Disclosure Statement ("Disclosure Statement") to be distributed to all persons, entities and other parties in interest holding claims against AMI, in accordance with the provisions of Chapter 11 of the United States Bankruptcy Code, and fixed September 5, 1984, at the hour of 10:30 A.M., C.D.T., as the time for the commencement of the hearing on confirmation of the Plan. Holders of the 4% Convertible Debentures due 1988 (the "Debentures") of AMI are entitled in vote to accept or reject the Plan. All acceptances or rejections to the Plan must be filed with the Disbursing Agent, namely, State Street Bank and Trust Company, no later than 5:00 P.M., E.D.T., on September 1, 1984. The Plan must be accepted by the required majorities of each class of creditors and stockholders affected by the Plan if there is to be any distribution pursuant to the Plan.

Citibank, N.A., (formerly called First National City Bank) as Indenture Trustee under the Indenture (the "Indenture Trustee") has filed a proof of claim with the Court on behalf of all holders of the Debentures. The holders of the Debentures are therefore not required to file individual proofs of claim in respect of their contract claims based on the Debentures and may rely upon the proof of claim filed on their behalf by the Indenture Trustee. The Indenture Trustee is not, however, permitted to vote to accept or reject the Plan. Therefore, each holder of Debentures is urged to vote to accept or reject the Plan by completing a Ballot and filing it with State Street Bank and Trust Company, by mail c/o Corporate Stock Transfer Unit, 145 Newport Avenue, Five East, No. Quincy, Massachusetts 02171, and if by personal delivery c/o Securities Service, Brokers Clearances Center, Concourse Level, 225 Franklin Street, Boston, Massachusetts 02110 as soon as possible but in any event, not later than 5:00 P.M., E.D.T., on September 1, 1984.

Copies of the Ballot and of the instructions, together with the Amended Plan, and the Disclosure Statement and certain other documents and notices required by the Court, are available at the office of Citibank, N.A., 5 Hanover Square, 14th Floor, New York, New York 10043, USA, Attention: Corporate Trust Department, at the offices of Citibank, N.A. in Amsterdam (Herengracht 545-549, 1017 BW, Amsterdam, The Netherlands), in Brussels (Avenue de Tervuren 249, B-1150, Brussels, Belgium), in London (Citibank House, 336 Strand, P.O. Box 78, London, England WC2R, 1PH), in Milan (Roro Buonaparte N. 16, 20121, Milan, Italy), in Paris (Citibank 19 le Paris La Defense 7, Paris, France), at Citibank AG, Frankfurt/Main (Neue Mainzer Strasse 40/42 D-6000, Frankfurt/Main, Germany) in each case, Attention: Manager, Securities Department, and at the main office of Kreditbank S.A. Luxembourg/Genève (37 Rue Notre-Dame, Luxembourg-Ville, Luxembourg).

The Court has appointed State Street Bank and Trust Company to act as agent of the Court with respect to the filing by holders of the Debentures of the Ballots, and such filing with State Street Bank and Trust Company on or before 5:00 P.M., September 1, 1984, E.D.T., shall constitute valid and timely filing with the Court.

AM INTERNATIONAL, INC.

NACHMAN, MUNITZ & SWEIG, LTD.
115 South LaSalle Street
Chicago, Illinois 60603
312/263-1480
Attorneys for AM International, Inc.

Channon tipped for Ulster post

By Peter Riddell, Political Editor

MR PAUL CHANNON, the Minister for Trade, has emerged as a strong candidate to succeed Mr James Prior as Northern Ireland Secretary in the expected Government reshuffle in early September.

Mrs Margaret Thatcher, Prime Minister, has apparently not yet reached a final decision on the post, but Mr Channon's name has been increasingly mentioned by senior ministers in the last week or two.

Mr Channon is one of the most experienced non-Cabinet ministers in the Government, having served in a wide range of departments, beginning with the Health administration.

His reputation is as a quiet, low-profile minister who gets on well with people.

He served briefly as a minister of state in the Northern Ireland Office at its foundation in 1972 and has personal connections with Ireland through close links with the Guinness brewing family.

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Lloyds Bank Results

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The Group's capital position remains sound and the interim dividend is up 7% at 9.5p per share.

The Group now operates in 48 countries, employs 70,000 people and has total assets of £42,939m.



Lloyds Bank

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Rover 213 official DOI figures: Simulated Urban Cycle 38.2 mpg (7.4 l/100 km), Constant 56 mph 52.3 mpg (5.4 l/100 km), Constant 75 mph 38.2 mpg (7.4 l/100 km).

MANAGEMENT

ANDREJ BARCAK is an atypical Czechoslovak company director — which is probably why he has risen so fast in the ranks of Motokov, the Prague-based foreign trade corporation which sells Skoda cars abroad.



Sales of Skoda cars to the West last year rose to 52,000 from 11,500 in 1977

His rise to such a position included a spell as trouble-shooter for Skoda's UK sales company when the car's image was badly dented in 1977 by an Automobile Association report, widely cited in the press, which maintained that the rear engine Skoda had handling problems.

Payment by results in Eastern Europe

Leslie Collit reports on the architect of Skoda's export drive

"The criticism was justified," says Barcak, although he maintains that the car was not dangerous but could give trouble in extreme circumstances.

two generations of prototypes had been produced and then scrapped when it became clear to Motokov that they would not sell in the West. "I convinced Skoda management it would be wise to go to the Italians," says Barcak.

ing, Barcak left a research institute 11 years ago to join Motokov on the commercial side of the business with responsibility for sales in Comecon countries.

allowed to keep a growing share of the hard currency earned, to improve its product.

Barcak was chief of the technical department and then area manager for Germany, Austria, Switzerland and the Netherlands before being sent to Britain to handle the growing crisis. He ordered changes to front axles and shock absorbers on Skodas exported to the UK and adapted specifications to suit the UK market.

With a newly developed 1300 cc engine and five-speed gearbox the new model will be licensed from Western manufacturers and the car will be produced with \$100m worth of equipment and licences to be bought from the West.

Barcak notes it is "too early" to say whether there have been tangible results from the new relationship between his firm and Skoda but that he hopes it will bring them closer together.

He says Skoda expects to repeat its 1983 sales performance in the West this year but has no plans to boost production above 200,000 cars.

How a little camaraderie helps boost productivity

BY IAN HAMILTON FAZEY

DAVID EVANS, isn't quite sure how it has happened but productivity is definitely on the up in his organisation. "We are getting work out quicker with fewer staff," he says.

redeployment and natural wastage. The difference between working life in London and out in the sticks is thought to be a critical factor in improving productivity.

and years of London life can wear people down. The more tangible benefits of dispersal are readily apparent. Office rents are less than one-third of London levels.

Evans has been in charge of it has not been any old move but an important part of the Government's attempts to disperse some of the Civil Service out of London and into the regions.

Working life in the South-East sees most office colleagues dispersing at the end of the day to homes spread so widely from each other that regular socialising outside work is at best difficult and mostly practically impossible.

Evans says that all professional grades involved have mobility as an obligatory clause in contracts of employment and the Government's view is that contracts should be honoured.

Management abstracts

Recruiting manual workers. H. Catt in Industrial Relations Journal (UK), Spring 84. The group personnel manager for Ash and Lacy's metal works reveals how his company has learned to cope with a recession-induced tidal wave of applicants for every skilled, semi-skilled or unskilled job vacancy.

Little effort is made to integrate supervisors into the management team. Stresses the importance of involving supervisors in the management/supervisor communication process, and the growing need for supervisors to possess (or acquire) managerial skills.

he has learnt as soon as he gets back, but send him on a course of "management..." and results will develop only gradually.

Bad supervisors. C. Wyles in Works Management (UK), April 1984. Despite management's recognition of the crucial role of supervisors, charges that the right people are rarely selected for supervisory posts, training is inadequate, fair conditions and rewards are withheld, and

Question why there is decreasing interest in management training; believes this is only partly due to the depression-induced preference for training that produces results in the short term.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, P.O. Box 23, Wembley HA5 3DQ.

TECHNOLOGY

ALTERNATIVE ENERGY

Why wind power is attractive

WIND ENERGY has little future in Britain. Nevertheless, the British Government continues to support industry efforts to build up expertise in this form of alternative energy even though other types of wave power, failed to win the government's continued finance.

WEG calculated that a world market exists for at least 4,000 wind machines. The U.S. is the largest potential user. This is due mainly to the fact that the government offers very attractive tax incentives.

Once the new machine—planned to be ready by the end of the year—is fully tested, the Wind Energy Group (WEG) plans to try and export the machines. Britain's own use of wind power is likely to be limited to turbines placed offshore to supply remote communities.

Additional resources would be allocated, they said, and retailers, manufacturers and government would be party to their detailed discussion. All of which is likely to mean that the projected start date will slip by a year or more although this has not been confirmed officially.

MOBIL EXPERIMENTS WITH CASHLESS SHOPPING FOR PETROL

Fast cash for gas on the forecourt

BY ALAN CANE

WELL SUBSTANTIATED rumours that London clearing banks were having second thoughts about their plans to launch a nationwide cashless shopping system in 1976 forced the banks last month to reconfirm their commitment to the project.

Additional resources would be allocated, they said, and retailers, manufacturers and government would be party to their detailed discussion.

The oil companies, in particular, are finding the delay irksome. The principal EFT/POS experiments in the UK have been carried out in conjunction with a petrol business and with good reason. They are interested in speed of service, and they see buying petrol with plastic cards as a step in that direction. They see ways to reduce car queues at stations as almost as important as "Mastercard" and "Scrabble" in holding market share.

It makes petrol stations ideal sites for EFT/POS trials. One of the first experiments in the UK — "Counterspeed" — involved a number of petrol retailers in Norwich, Norfolk, and Barclays Bank, and yielded results which Barclays claimed were "useful". It ended in 1981.

The system provides for the immediate authorisation for all Mobil Oil credit cards, but most significantly provides for access with bank debit cards for direct debit of depositary accounts in payment for gasoline and related purchases.

High speed gas: customers serve themselves with petrol and present their cards to the kiosk attendant; a swipe through the till, a signature on the bill and away

bubble memory, a sophisticated form of computer memory where information is stored as minute regions or "bubbles" of magnetism; such memories are especially useful in "real world" conditions because they are not harmed by heat, light or dirt and will retain their contents even if the power is turned off.

EDITED BY ALAN CANE

MANAGING OFFICE AUTOMATION The Challenge of the Eighties A seminar for managers, executives and professional staff... Call Digmas 10-14 Bedford Street Covent Garden London WC2E 9HE 01-579 6565

Now Mobil Oil has established a prototype EFT/POS system at its Wallington Road, London, service station which it hopes soon to extend to its 130 company owned and operated petrol stations throughout the UK.

Mr David O'Connor, president of the EFT Group, said at the time: "The system provides for the immediate authorisation for all Mobil Oil credit cards, but most significantly provides for access with bank debit cards for direct debit of depositary accounts in payment for gasoline and related purchases."

What is happening at Wallington Road is less sophisticated but no less of a step forward. The station is equipped with a multiple function point-of-sale terminal. Built by Edacorn Data Systems of Finland, the costing £25,000 e time, the conventional cash register or as an electronic point-of-sale terminal can function as a device.

Access card. The value of the transaction is keyed in and all the information—card number, card holder, transaction, value, and so on, is stored in the bubble memory. The one concession to tradition is the signing of a printed Access slip—required by law.

At night, Centrefile automatically polls the station, and retrieves all the data from the bubble memory. It then passes the transaction data to Access for reconciliation. The customer gets faster service; the garage pays a lower merchant service charge to the credit card company.

"90 years in quality building"

Tom Green

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Computers

Workstation family

APPLIED Digital Data Systems Inc, a subsidiary of NCR Corporation, said it introduced its "Addis PC/II" and "Addis PC/II" the first members of its new family of workstations/personal computers designed to be fully compatible with the International Business Machines' personal computer.

The company said its computers offer a selection of six foreign-language versions of the MS-DOS operating systems, along with companion foreign-language keyboards. The Addis PC/II, with 256K of memories, dual floppy disk drive, a keyboard and monochrome monitor will cost about \$2,650, or \$2,445 without monitor.

Software

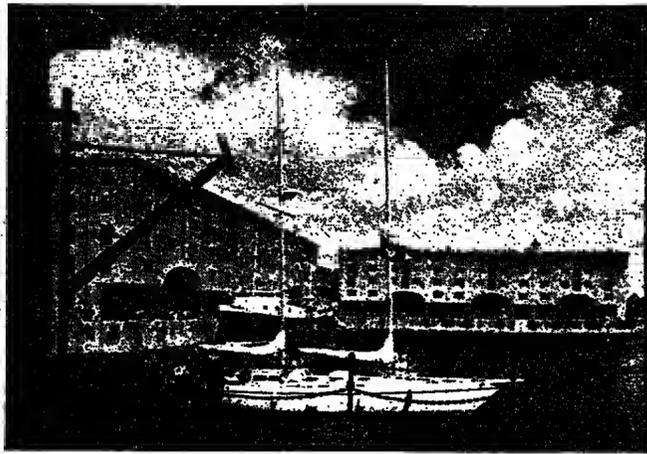
Artificial intelligence

DATA GENERAL plans to introduce a software system for artificial intelligence computer systems. The product, known as the common LISP programming environment, will be licensed for use on Data General 32-bit superminicomputers and new engineering workstations.

THE ARTS

Architecture Colin Amery

A sense of marine dignity



The revitalised Albert Dock in Liverpool: classical and functional

Liverpool is a great architectural city. Because it was England's first and finest Atlantic port it has an inheritance of waterside architecture that is second to none.

As the grandest sailing ships in the world came into Liverpool last week at the end of the Tall Ships Transatlantic Race the Mersey regained for a moment a sense of marine dignity that seemed to have vanished forever.

The Albert Dock represents the very finest of the architecture of the functional tradition. There are five ranges of grand warehouses surrounding the basin, massive in their brick blankness with arches resting on solemn lines of cast-iron Tuscan columns.

St Katherine's Dock in London had this sense of plain merchant splendour until practically all of the great warehouses were ruthlessly demolished. St Katherine's was earlier than Albert although both share the hand of Philip Hardwick.

Hardwick gave Albert Dock a rare kind of classical presence. The solidity of the blocks of warehouses echoed the weight of the bulky ships and suggested a sense of power over the vagaries of the tides and seas.

Liverpool's days of grandeur are over and the city's problems are scarcely architectural ones. Many of the disastrous decisions since the end of the Second World War have, however, been environmental and too many people have had to live in ill-conceived high-rise blocks now deemed uninhabitable.

The decision to rehabilitate and revitalise the buildings of the Albert Dock hinges on the collaboration of the public and private sectors. The Merseyside Development Corporation took over Albert Dock and is redeveloping it in partnership with the London developers the Arrowcroft Group.

The uses are mixed. Offices occupy the upper floors of this first scheme with shops and food establishments on the ground floors. A new mezzanine level has been carefully inserted to increase the office space and to "humanise" the lower

levels. The architects have designed (his additional level) timbered one material never used before in the construction of this fireproof iron and steel building.

It is relatively unobtrusive as an addition but emphasises the problems of doing anything to such an uncompromising and powerful piece of architecture. To date there are a dozen or so shops and a pub in the vaults all of which show that the Albert Dock could work as well as Covent Garden or New York as long as there are enough people willing to visit and spend money.

The architecture is so strong that there is little need for the "humanising" elements so beloved of developers. Indoor plants look ridiculous here. The existing brick-vaulted structure with its quarry tiled floors and all the surrounding elements—cranes, winches, chains and bollards—provide enough visual and architectural interest.

The Merseyside Maritime Museum now occupies part of Albert Dock and the architects Holtorf Associates and Brock Carruthers are responsible for the adaptation of D block into a part of the Museum. The boatyard, workshops and pilotage building are already parts of the dock that have been open since 1860.

The addition of the Albert Dock premises make it possible to show ships and a tableau about docking by the waterside. There is something poignant about the way figures of the dockers loading imaginary loads on to imaginary ships that sail nowhere, I forget who it was that suggested that the UK should become the Museum of Industrial Archaeology for the whole of Europe—but sometimes that day seems unnervingly close.

It is nonetheless wonderful to see these magnificent buildings returning to some kind of life and it is devoutly to be wished that they will help with the real regeneration of Liverpool. There is a danger that, like San Francisco's renovation of the chocolate factory, it will just become a place to eat ice cream.

Jason/Buxton Festival David Murray



Robin Martin-Oliver and Lesley Garrett

A week ago Max Loppert discussed here the Buxton Médée, Cherubini's opera restored to its original proportions. Not only is this year's Festival theme the "Greek Revival," but the Jason and Medea story has been assigned special prominence. There have been lunchtime readings from the ancient tale of the Argonauts, and showings of Pasolini's Medea film (with Callas) and even the Hollywood special-effects epic Jason and the Argonauts; and—by way of giving Médée a matching satyr-play—Francesco Cavalli's 17th-century "music drama" Giasone.

With sponsorship by Martini and Rossi, Giasone gets its first British performances as Jason, in an English version by the producer Ronald Eyre and in an orchestral realisation by the conductor Anthony Hose. I have to say at once that for all I know, Mr Eyre and Mr Hose may have made it all up by themselves; though Giasone is said to have been Cavalli's greatest European success, it has rested in complete obscurity these many years. Apparently (and with good reason) it was much trimmed for Buxton—no it was composed, after all, for an audience who expected to see extremely lavish proceedings, but to pay only intermittent attention to the opera between chatting, eating, playing cards and napping. To that sort of confection modern notions of dramatic structure and suspense hardly applied.

We may assume, then, that the Eyre/Hose/Jason boasts a selected show that answers to present expectations of entertainment, not to historical fidelity. (A pious reconstruction would probably drive one to chatting, eating, etc.) In the manner of the production is much like that of John Cox's Scottish Opera version of Cavalli's L'Erigo, decorative, joky and fairly swift. The new text extends the comedy, surely,

recitative (graceful but rarely more than conventional as Cavalli does it) which rises occasionally to a big scene of quasi-aria, and leaves room for melting little numbers with simple sequential tunes. In the Ciconcini libretto Medea remains a witch-seductress, but one whose claws are drawn (she murders nobody and settles at the end for the hand of the King of Athens); Erian James makes her a wickedly Kittenish vamp, and she and her Jason—the counter-tenor Robin Martin-Oliver, cutting a romantically moody figure despite a weak lower register—enjoy several duets of some breadth and feeling.

Michael Chance began the story as Apollo in fine declamatory voice, and as his opposing Amor the boy soprano Stefan Brochewicz-Lewinski revealed in alarmist self-confidence and some efficient stage-machinery. Among the lesser personages Thomas Dewald sang stylishly as the King of Athens, and Roderick Earle as a surly servant; Paul Hudson first towered as Hercules with a giant club, and then reappeared as a gruff, solid Captain of the Guard faced with a moral dilemma. There was a comic cameo by Francis Egerton as a stuttering steward, and another by Nuala Willis as Medea's nurse—the usual Welsh cameo, but none the less a lower register for the Beverley Mills makes a tough, practical maid.

Eyre can be counted upon for bright, unexpected stage ideas, and his production is ornamented by many small, funny touches—not so many as to subvert the story, but enough to maintain one's interest while conventional plot-twists and reversals wind along. It all makes a pretty evening, undemanding and without special revelations, but not a waste of time.

Verdi & Monteverdi/Albert Hall, Radio 3 Andrew Clements

There was an Italian feel to Saturday night's Proms: Verdi's Requiem to begin, then a last evening programme of Monteverdi. The orchestra for the Requiem was the BBC Symphony, the choir the combined forces of the BBC Symphony Chorus and the Leeds Festival Chorus and the Leeds Philharmonic Chorus. But contrast and soloists had strong affiliations with the English National Opera: Mark Elder, with Rosalind Plowright, Linda Farnie, Dennis O'Neill and John Tomlinson.

Music was never allowed to become music-hall. The result was to bring light and shade into this score, rather than to deprive it of essential character. Certainly all the solo singing was most strongly characterised. Tomlinson's "Mors stupebit" Miss Farnie and Miss Plowright together in the Recordare and at the opening of the Agnus Dei, Miss Plowright alone in the Offertorium. All gave the impression of almost careful preparation.

Monteverdi himself was paired with Sigismondo d'India, rehabilitated by the New Grove as second only to Monteverdi as a composer of vocal music in the early 17th century; the English libretto was represented by Thomas Weelkes and Walter Porter.

It proved to be a fascinating portrait, superbly delivered by Anthony Rolfe and his singers, with discoveries to be made at every turn; a superbly ornate madrigal for solo bass by d'India, an ambitious instrumental toccata by Porter preceding one of his settings, above all the sensuously intertwined lines in the Monteverdi songs of love and war.

American Buffalo/Duke of York's Michael Coveney

Like many contemporary American screen stars—Dustin Hoffman, John Voight, Gene Hackman—Al Pacino has a distinguished background on the stage. Pacino's particular firebrand qualities in the Godfather films, Serpico and Scarface are rooted in a special kind of doe-eyed violence, the clenched knuckle in a silken glove.

Pacino has been obsessed with this David Mamet production for 10 years. He first worked it off on Broadway opposite Robert Duvall. He has toured the States as the twitchy street hoodlum Teach and is about to film the role for Sidney Lumet. He stops off in London for three months but does nothing to dispel the memory of Bill Bryden's National Theatre production six years ago.

Teach is one of two rival casual employees at Donny's re-sale junk shop. A valuable nickel—emblazoned with a buffalo—has passed through the shop. It must be reclaimed to establish the validity of all other transactions in Donny's shop. The play is a study in relative standing of Teach and young Bobby (Bruce MacVittie).

The tension of the piece, one of vicious cat and mouse territorial rivalries and fine hatred, seems to me quite dissipated in Arvin Brown's laudable production which originates from the Leeds Wharf Theatre in Connecticut. The peculiar Americanism of it, the sheer rock and roll and swing of the language was much more successfully negotiated by our own National Theatre.

Pacino flicks a left-eye every so often at the audience and dispels a round of welcoming applause with a broadside of vitriol. And so it is. Pacino, the night's card game, the rain: all that is giving him a had time, which he channels through a cold house store of Method ties and clichés. He keeps touching his hair, checking the parting, tucking his shirt in the top of his pants, splaying his legs, preening and primping generally like a man either afflicted with fleas or stricken with the St. Vitus Dance according to Lee Strasberg.

The rhythm and pace of the play has to hang around while all this is going on, unrelieved by the dull monotony of J. J. Johnston's shop keeper. The cluttered set of flying bicycles and bric-a-brac reminds you of how good was Grant Hick's for the Leeds Wharf. Pacino, the play is now coldly impressive but unimpressive. At the National, it was like hearing Pinter for the first time. Mamet deserves better than this fake reverence.

Michael Clark/Riverside Clement Crisp

That Michael Clark is a gifted dancer there can be no doubt. He stood out in the annual Royal Ballet School displays when he looked a remarkably young man; he has since acquired the Rambert repertory during the subsequent year when he worked with that company; by the age of 19, when he opted for the post-modern avant-garde, his solo and group appearances were exceptional. In his surroundings where elegant bodies and sure technique are at a premium—for their physical distinction. Now, at the age of 22, he has formed his own "company" by joining with Julie Hood, Ellen van Schuylenburgh and Matthew Hawkins, and the ensemble was launched at the week's end in Riverside Studios.

Mr Clark provides the choreography, and there's the rub. He has acquired a recent reputation as an enfant terrible (more enfant, given the dim routines of British post-modernism than terrible) whose dances contain an element of shock: the cut-out posterior in costumes, which is the equivalent of a child shouting "bum"; the raucous energies of punk music and punk attitudes.

Extemporary and Flippin' Eck (for Mantis), his thinness of invention was not excused by any such bravado, and in the two works which make up this Riverside programme, the dance was a poor relation to the dancers.

Do You Me? I did—Mr Clark's titles are nothing if not arcane—but reportedly, some connection with Who's Afraid of Virginia Woolf? It offers a set of interwoven duets for Mr Clark with Julie Hood, generally lyrical, contrasted with

combative encounters between Matthew Hawkins and Ellen van Schuylenburgh. The manner is conventionally post-modern and dynamically unimpressive; it could as well be a gloss on Little Women. Mr Clark and Miss Hood clump about for a time in stick-in-the-soled boots; at one moment Mr Clark appears to eat a goldfish (it is that sort of an "event"); the performers scratch themselves, spit, make timid upright gestures and intermittently show that they can dance. As a joke it has all the lightness of a paving-stone.

What I find so obnoxious is the choreographic business and the shallow contentment of its attitudes. It lacks the inventiveness of young performers in discos, of "break" dancers and "body-poppers" and slammers—who are the real innovators in dance today; it even misses the wild integrity and angry amusement of punk music and fashion.

Exhibition of plans for new Globe Theatre

The Globe Theatre is to be reconstructed at Southwark at a cost of between £2m and £10m. The Design Centre in Haymarket will hold an exhibition on the architectural and design elements of this remarkable project which will form part of a larger exhibition on Design in London. On view until September 8.

Nearly 400 years after it was first erected the Globe is to be rebuilt as faithfully as possible to its original open-roof design. Funds for the project, expected to take three years to complete, will be raised internationally by public and commercial sub-

scription. It will stand on a riverside site in Southwark, just a few hundred yards from where the first Globe stood in the sixteenth century.

This exhibition will show plans and perspectives of the future Globe Theatre and of its surrounding buildings. These will include the Inigo Jones Theatre, built to a design of 1617 by Shakespeare's contemporary, along with a Museum of the Shakespearean Stage and the associated other buildings of the Shakespearean Stage and associated other buildings of the development including flats, a public house and restaurant.

A Broken Set of Rules/Covent Garden Clement Crisp

It is unusual to find a young choreographer making his first professional appearance on the stage of the Opera House. Ashley Page, a soloist with the Royal Ballet, won the Ashton Choreographic Award two years ago for a piece staged at the London School of Contemporary Dance. There was even the considerable challenge of the Covent Garden stage, with a commissioned score from Michael Nyman and—as part of an evident policy to bring easel painters into the ballet—design by Deanna Petherbridge. The resulting

A Broken Set of Rules, given its first performance on Thursday, appears an exercise from all three creators to extend and fracture certain classical attitudes. Mr Nyman's score is a development from his chamber music. The Draughtsmen's Contract, which re-worked thematic material from Henry Purcell; Miss Petherbridge's massive studio architectural fantasies are here seen in a meticulously drawn set of Greek columns, pilasters, pediments with a masking scrim.

Against this grey setting, Mr Page puts his three couples, in grey leotards with additional and somewhat distracting accoutrements of gauzy tunic tops and skirts; with the women also wearing transparent plastic halos, and all six dancers in coppery-bright wigs, the only note of colour in the decor.

The intellectual argument of the work seems clear enough. Its realisation, I suspect, at a first viewing, less than convincing. The score, brassy and unremitting in rhythm, is a harsh ground base for the dance. The unrelieved grey of the design makes a chill and somewhat desolate impression.

Mr Page's choreographic language combines classic disciplines with certain of the strategies and repetitious attitudes of the post-dancing; in a manner as we know it from the work of Second Stride choreographers: low, long lines in arabesque with unyielding arms; hints of contact improvisation in the way one dancer will collapse on to another.

The final impression is of dance somehow out of focus, lacking some real centre of dynamic energy and planning.

Balm in Gilead/Circle Rep Frank Lipsius

The audience at the New York revival of Lanford Wilson's mid-1960s Balm in Gilead is subjected to a persistent beggar and street photographer while passing the Circle Rep stage to take their seats. One lady who tried to get rid of the photographer by telling him she already had a headache, was told, "If you've got a headache now, I don't know how you'll sit through the play."

loud, vibrant and exciting production that reflects not only the street life of half a generation ago but also a playwright's giddy exuberance, when he could put two dozen actors on stage and expect the play to be produced (originally staged at La Mama).

John Malkovich, best known now for his role as Biff opposite Dustin Hoffman in the Broadway revival of Death of a Salesman, directs the large company comprised of Stephen Wolf and Circle Rep actors. To

the appropriately rough and loud riffs of Bruce Springsteen songs, the cast infuse an upper-Broadway all-night coffee shop like an ad hoc dining room in a picnic. Drug addicts, whores and pimps lounge round the garish yellow and orange shop (so well conceived by designer Kevin Rignold).

Conversations overspill each other in tumbling confusion except, when one addict comes out of his stupor to speak to the audience and have the lights and music focus on one conversation. The centre of attention eventually rests on two out-of-place middle-class kids, Joe (Danilo Stoen) and Darlene (Laurie Metcalf). Joe is trying to make a connection with a dope ring to become a dealer. In protecting Darlene, who has just arrived from Chicago, Joe gets her as a guardian angel trying to smother the deal. She falls, and as though it were just one more minor event in an endless night, Joe is murdered in shocking slow motion, repeated twice.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Aug 3-9

Music

PARIS Piano-duets: Schubert, Grieg, Dvorak, Brahms (Tue 8.30pm). Town Hall of the 5th Arrondissement, 21 Place du Pantheon, Métro Luxembourg. German Baroque Music - Konrad Junghanel, Lutz J. S. Bach, Weiss (Wed 8.30pm). Musée Carnavalet, 23 Rue de la Harpe, Métro Saint-Paul. Orchestra de l'Île de France conducted by Hubert Soudant: Beethoven, Mozart, Patrick Gallois, Bata, Frédéric Camberg, harp (Wed 8.30pm). Saint-Merri Church, 78 Rue Saint-Martin. Claude Ballig, Trio Ozi, Alexandre Ozonoff, Bassoon, André String Quartet: Beethoven, M. Constant, C. Be-

lli (Thu 8.30pm-11pm) Town Hall of the 9th Arrondissement, as above. (All the above concerts are part of the Paris Festival Festival (549 1483 Tue to Sat 10am till 7pm, or 226 2255 Mon to Sat 11am till 7pm for information and bookings). Ars Antiqua of Paris: Troubadour and Elizabethan music and Spanish canciones (Mon, Wed 8.50pm and 9pm) Sainte Chapelle, upper part, with its glorious medieval windows (340 5317). Tickets also on arrival.

VIENNA Budapest Philharmonic Orchestra conducted by Andras Koros performs Liszt, Kodaly and Brahms, City Hall, Grand Courtyard (Tue), (42 800/2065). SALZBURG FESTIVAL The Academy of St Martin-in-the-Fields conducted by Neville Marriner, soloists: Barry Tuckwell: Richard Strauss and Beethoven (Mon) Large Festival Hall (0682-42541).

LONDON BBC Symphony Orchestra conducted by Gunther Herbig with Wolfgang Manz, piano, Brahms and Tchaikovsky, Royal Albert Hall (Mon), (889 9486). BBC Concert Orchestra conducted by James Loughran with Ian Hobson, piano, Ireland, Dellova, Shostakovich, Bridge and Glazunov, Royal Albert Hall, (Tue). Royal Philharmonic Orchestra conducted by James Loughran with Nigel Kennedy, violin, Brahms, Dvořak and Johann Strauss II, Royal Albert Hall (Wed). Schütz Choir of London and London Classical Players conducted by Roger Norrington with soloists: Mozart, Beethoven and Haydn, Royal Albert Hall (Thu).

BRUGES Tallis Scholars and London Baroque English: Cathedral Music, Onze-Lieve Vrouwekerk, Bruges (Mon).

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Monday August 6 1984

Talking again with Poland

PRESIDENT Reagan's half-lifting of U.S. sanctions on Poland... movement leaders are actually out of jail... But it is to be strongly welcomed...

Caveats

Mr Reagan obviously has his political constraints during an election campaign... But there are two caveats...

IBM and its competitors

THE SETTLEMENT of the long-running EEC competition case against International Business Machines last week is unlikely to change dramatically...

Without requiring any far-reaching upheaval, IBM's business practices, the settlement at least removes an element of unpredictability from its tactics...

For IBM to acknowledge even an obligation as modest as this is unusual... IBM insisted on exercising the maximum autonomy over its own affairs...

Pre-eminence

Beyond the specifics of the settlement, however, looms a larger question... IBM is a dominant supplier...

It does not appear healthy that the undisputed leader in a major industry, however ethical its business practices, should be able to set so many of the rules...

EAST-WEST GERMAN RELATIONS

The flirtation worries Moscow

By Rupert Cornwell in Bonn and Leslie Colitt in West Berlin



The Berlin Wall—symbol of the divide still separating Chancellor Kohl (left) and Herr Genscher (right)

A GHOST has slipped forth from a long locked diplomatic cellar... For confirmation, one need look no further than the reverberations set loose by the present warming of relations...

Yet the reactions it has already drawn from the faces of Bonn... have been reminder enough of an obvious but awkward truth: that the post-war order of Europe and the balance there between East and West are crystallised around the unnatural division of the German people...

And it should not be forgotten that the West too has been quietly satisfied at the post-war answer to the German Question... The permission for an unprecedented 27,000 East Germans to emigrate to the West in the first six months of 1984 also served the interests of both sides...

From the Russian viewpoint, it is a case of a once tolerated flirtation which has got out of hand... The deal enabled Herr Genscher to relieve internal political pressures (at the risk, admittedly of encouraging new ones)...

Then on July 25 came the announcement of a second credit, this time for DM 950m from Bonn in return for a clutch of measures by East Germany to make human contacts just a little easier between inhabitants of the divided halves of the nation...

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Honecker, the siren song was duly sent forth... credit, this time for DM 950m from Bonn in return for a clutch of measures by East Germany to make human contacts just a little easier between inhabitants of the divided halves of the nation...

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East Germany, above all, represents the western prong of the pincer which holds recalcitrant Poland to heel

here accept realistically that reunification is a dead issue—at least until the two blocs are dissolved.

True Chancellor Kohl is fond of saying that partition "is not the final word of history." But until such time as history permits, the emphasis remains on "doing what is feasible" to make divisions more tolerable in human terms.

That is a sentiment with which even the Soviet propaganda machine would heartily concur. But Moscow sees the problem in different terms, in-

vision, followed by computers, nuclear energy, integrated circuits and, in equal fifth place, nuclear weapons, air-

Karl Marx's Das Kapital is voted the book with the greatest influence on the period, followed by the Bible, Einstein's Theory of Relativity, and Keynes's economic writings.

Body politic A Government Minister visited a local factory the other day. After the tour, the managing director suggested he might like to see some examples of the finished product and ushered him into a small room with a screen at one end.

A few moments later, the products popped out from behind the screen—much to his confusion. The Minister was expecting to see ladies' underwear but not a shapely young woman inside it.

The model did a few twirls around him while the Minister's married man—nervously tried to question the managing director about international trade in . . . er . . . er.

Desperately trying to spare his blushes by not mentioning the usual word for unmentionables, the Minister found relief at last in the Multi-Fibre Arrangement. "Do we import these category thirteens into the UK?" he asked casually. "I'd be most interested to know which countries are the main category thirteen producers."

All part of a hard-working Minister's day? Knickers.

Ups and downs "What's going to happen to the dollar?" I asked, making light conversation with a foreign exchange dealer from Citibank.

"I dunno," he replied. "If his initial is covered by A-M, I tell them it's over-valued and must come down soon. If they're covered by N-Z, I tell them it's likely to remain strong. That way, I hope to keep half of them happy."

Observer

Crocker sets the stage

Titto, Marion, Jackie, Randy, Jeremy, and their white equine, the glove brother, Michael, took New York's Madison Square Garden by storm over the weekend, which should be good news for the harassed executives of Britain's Midland Bank.

For, in case they have forgotten, it is Midland's loss-making U.S. subsidiary, Crocker National Bank, that is financing the Jacksons' rock extravaganza.

Crocker is involved because one of its long-time customers, Chuck Sullivan, whose family owns the Boston Patriots football team, won the right to promote the Jacksons' 15-city tour in return for promising the boys at least \$5m.

A lawyer, better known in the U.S. football world than in showbiz, Sullivan has borrowed \$15.5m from Crocker to invest in the project. The Jacksons, who have not played together since 1976—hence the fans' excitement—are getting 75 per cent of the ticket sales and Sullivan is getting the balance.

Least anyone should believe this is the key to a fortune, Sullivan says he does not expect to make for than \$5m on his investment—though that estimate may be on the modest side.

He has to pay for the rental of stadiums, which can cost \$100,000 a performance, as well as security, electrical systems and two 175-ton stages. But he stands to make a healthy margin on all the assorted Jackson memorabilia from gloves to T-shirts.

Men and Matters

The glossy, 14-page programme (cost \$10) boasts that the magic of the six young men is "so riveting that Queen Elizabeth summoned them for the Royal Command performance." And their fans appear to agree.

So far the tour has sold out in Kansas City, Jacksonville, Dallas and New Jersey's Meadowlands, and reports are that it expects a sell out for the rest of the concert.

This, at least, seems to be one loan on which Crocker is going to get its money back.

Tyre pressure

A cautionary tale, this, for marketing director, Neil Copson, of London Scottish Finance Corporation, suggested to his board that the company should sponsor one of the races in the International Festival of Cycling which begins in Harrogate next weekend.

Since London Scottish offers credit facilities to over 600 cycle traders throughout the UK, it seemed a good idea. And the board agreed—on condition that Copson added to the company's involvement by taking part in the race himself.

"Having put up the idea, I could hardly change my mind," says Copson, aged 38, who had not ridden a bike for 25 years. He is now training hard on a 10-speed racing cycle—terrifying downhill and terribly hard work uphill—to get fit enough to take on the likes of Tony Doyle, ex-world pursuit champion, Beryl Burton, ex-



"Had my busiest weekend for years—Government ministers asking about the cabinet reshuffle."

Advertisement for Harwell, featuring the text 'Have you considered buying-in technical help just like any other service?' and contact information for Harwell Technology for Industry.

STOCKBROKERS AND THE CITY REVOLUTION

The London marriage market

By Barry Riley, Financial Editor

THE WAVE of investment by outsiders in London stockbroking firms has recently been reaching something of a climax. At the latest count, 12 of the top 20 stockbroking firms have forged links with institutions outside the Stock Exchange...



ALLIANCES OF LEADING BROKERS

Table listing stockbrokers and their investor/owners. Includes firms like Grindlays Bank, National Westminster Bank, and others.

have led to hints of internal dissent. The partnership structure has generated very high incomes—more than £100,000 a year for middle-ranking partners in successful firms...

—reported to run to something like 15 times earnings and 2 1/2 per cent of funds under management. Having talked at one time with stockbrokers of the calibre of James Capel and Wood Mackenzie, Exco will not be wholly content with its modest purchase of Galloway and Pearson...

Lombard Nonsense on deflation

By Samuel Brittan

THE FADS and fancies of so-called "supply side" U.S. economic pundits continue to add to our stock of innocent amusement. Their latest notion, based on the weakness of commodity prices, is that the world is on the brink of deflation...

At home in Strasbourg

From the Chairman, European Democratic Group, European Parliament. Sir—Socialists in the European Parliament will answer for themselves, but from the Conservative side I should like to offer the following observations on Quentin Peel's article of August 2...

Letters to the Editor

From American, apparently do not grasp it that by their increasingly antiquated and dictatorial ways over the past 20 to 25 years the majority of sales, professions and outstanding men have avoided entering the industrial world. My fellow countryman Mr MacGregor was, of course, the exception and how the Government had to pay out to get him. No one else wanted the job...

Unsafe in aircraft

From the Marketing Manager, Sekisui (UK). Sir—Congratulations on your article on airline hand baggage (July 31). Though Michael Doune deals with it in a light-hearted manner, it must surely be regarded as a serious problem for all airlines passengers...

Married man's tax allowance

From Mr F. Field, MP. Sir—Michael Mescher's proposal (July 26) for the abolition of the married man's tax allowance (MMA) to finance a major child benefit increase should be resisted. A campaign has built up over the past few years emphasizing how taxpayers with children have lost out compared to childless taxpayers and this trend has continued under the present Government...

A closer look at pay and jobs

From the General Secretary, Association of Professional, Executive, Clerical and Computer Staff. Sir—Well said Samuel Brittan in your article of July 26. I wonder, however, if you will explain to the Cabinet that real product wage reflects the overvaluation of sterling under the Government and that the percentage increase of nearly 15 per cent to which you refer is slightly less than the overvaluation of sterling in the period concerned...

Advertisement for Malayan Banking, Malaysia's Largest Banking Group. Features an image of a tiger and text: 'Let the tiger show you the best way to invest in Malaysia. The tiger is the symbol of Malayan Banking, Malaysia's Largest Banking Group. Our strength, size and in-depth knowledge of the economic and social situation of our country, make us your best source of financial advice and total service. We have a staff of professionals who are in touch with every aspect of Malaysian industry and the major centres of the world. They can arrange the type of financing you need, advise on government procedures and offer other financial services. So if you have investment plans and dealings, bank on Malayan Banking. Contact: Mr Lee Chen Chong 74 Coleman Street, London EC 2R 5BN. Tel: 6380561 Telex: 888586 MBBLDN G'

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Treasury refunding to test bull markets mettle

THE U.S. equity market stole the show last week with a dazzling performance reminiscent, at least on the surface, of the August '82 bull rally. Bond prices, which led the way, also continued to rally but the credit market lacked the same sheer enthusiasm from investors. The key debate about whether economic growth has slowed to an acceptable non-inflationary pace remains little if any further firming action by the Fed, is far from over. Indeed the debate, rather than subsiding, is perhaps fiercer than ever.

Table with 2 columns: U.S. INTEREST RATES, Week to Aug 3 July 27. Rows include Fed funds weekly average, 3-month CDs, 3-month T-bills, 30-year long bond, AAA utility, AA industrial, Source: Salomon Brothers.

Almost everyone appears willing to ride the current rally but real conviction is lacking. Despite evidence of slowing monetary and economic growth, lower credit demand and a slackening of the inflationary pace, underlying uncertainties remain. These include concern about a creeping increase in the Fed funds rate, the Federal Reserve's decision and the upcoming election and a basic lack of belief that the latest economic statistics actually forecast the best of all possible worlds.

First-half sales rise at Italcable

By Alan Friedman in Milan ITALCABLE, the overseas telephone subsidiary of Italy's IRI-State government owned holding group, recorded a 25 per cent increase in first-half revenues to more than L175bn (899m). The company, did not release profit figures, but said full year revenues should rise in line with the first half increase. Last year Italcable made net profits of L25.4bn on L301.7bn of revenues.

Italcable's financial position is strengthened by a capital injection which will raise its total capital from L88bn to L132.7bn. A joint subsidiary in which Rhone-Poulenc will have a 65 per cent interest and Italcable 35 per cent will set up a plant west of Paris, creating 250 jobs. The project will require an initial investment of FFf 300m

Blue Circle Australia well ahead midway

BY LACHLAN DRUMMOND IN SYDNEY

BLUE CIRCLE Southern Cement, the Australian group 40 per cent owned by each of Associated Portland of the UK and BHP, pushed up its net profits by 88 per cent from A\$6.9m to A\$9.5m (U.S.\$7.9m). The increase reflected an upturn in cement demand, further increases in operating efficiency and a net interest income of A\$300,000.

IDS sale lifts Alleghany

BY OUR FINANCIAL STAFF

ALLEGHANY Corporation reported a sharp rise in second-quarter net income to \$47.5m or \$6.02 per share from \$13.4m or \$1.33 a share in the comparable period last year. Revenue from continuing operations was up to \$50.9m from \$43.5m. The biggest boost in profits came from a gain of \$42.7m on the

New president for Marsh & McLennan

MARSH & McLENNAN COMPANIES plans to elect Mr Frank J. Tasso as president and chief operating officer, and Mr L. Patton Kline and Mr A. J. C. Smith as vice-chairmen at its board meeting in September. Mr Richard E. Blum will be elected president of Guy Carpenter & Company Inc. Marsh & McLennan's U.S. based reinsurance brokerage subsidiary, succeeding Mr Tasso.

Mr Ramphul returns to Mauritius after an assignment at the bank's operations head in Gabon. Mr Frederick C. Schradack has been promoted to senior vice president in charge of the bank supervision area of the FEDERAL RESERVE BANK OF NEW YORK. He has been a vice president in the bank supervision department, responsible for the bank analysis and bank examinations departments. Mr Schradack will be responsible for the departments composing the bank supervision area, including bank analysis, banking studies, examinations, and foreign and domestic banking applications.

N. AMERICAN QUARTERLY RESULTS

Table with multiple columns: COMPANY, QUARTER, REVENUE, NET PROFITS, EPS. Includes companies like ALCO-STANDARD, NORTHWEST AVIATION, SMITH INTERNATIONAL, etc.

INTERNATIONAL APPOINTMENTS

McGraw-Hill has appointed Mr Frederick J. Forjani as its new president and treasurer. He was previously vice president and divisional manager, Southwestern region, for the North American Banking Department of the Continental Illinois National Bank.

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Advertisement for The Dow Chemical Company. Includes logo, text: 'This announcement appears as a matter of record only.', 'The Dow Chemical Company', 'U.S. \$1,500,000,000 Medium Term Credit Facility', 'Lead managed by Citibank, N.A. European Banking Company Limited', and a list of participating banks.

FT INTERNATIONAL BOND SERVICE table. Columns: U.S. DOLLAR, STRAIGHTS, DEUTSCHE MARK, SWISS FRANC, EUROBOOND TURNOVER, U.S. 5 bonds, FLOATING RATE NOTES, CONVERTIBLE BONDS. Includes bond names, yields, and prices.

UK COMPANY NEWS

RECENT ISSUES

Midway fall by British American and General

FULLY DILUTED net asset value at British American and General Trust amounted to 102.6p compared with 106.7p for the first half of 1984.

The directors say that during the first half of 1984, periods of strength in world stock markets were used to extinguish borrowings and raise an element of liquidity.

They now say they believe the substantial fall in equity values which started in the early summer of 1983 is nearing completion, and they expect to make further progress in the second half.

Net earnings for this investment trust, which is managed by Kleinwort Benson Investment Management, slipped from £57,000 to £607,000. Earnings per 25p share are shown as falling from 1.31p to 1.21p and the interim dividend has been held at 1p in the last 11 years a final of 1.6p was also paid.

Prudential Corpn. changes structure of pensions offshoot

THE Prudential Corporation, Britain's largest life insurance operation, has announced changes in the structure of its pensions investment management subsidiary Prudential Pensions Ltd as part of the overall corporate restructuring operation within the Corporation.

PPL now becomes one of the new operating divisions within the Corporation with an entirely new board of directors headed by the chairman of the Corporation, Mr Derek Fellows, the chief actuary of Prudential Assurance—the main UK subsidiary of the Corporation.

New appointments to the board include Mr John Swales, group pensions manager of Prudential Assurance, who will also become general manager of PPL. Mr Michael Newmarch, chief executive of Prudential Assurance, is the investment manager of the Corporation, continues as investment director of PPL.

This restructuring of PPL complements the process begun in 1982 of revisiting the structure of the investment management team within Prudential Portfolio Managers.

The latest quarterly review of PPL shows that funds under management at the end of June 1984 amounted to £1.18bn with the Discretionary Fund amounting to £800m.

The managers of the Discretionary Fund have been switching out of overseas equities into UK equities during the second quarter.

They consider that the prospects for overseas equities have deteriorated somewhat this year, while in contrast the rising economic activity and stable financial background in the UK should provide firm support for UK equities.

At the end of June the Discretionary Fund was invested 44.4 per cent in UK equities, 16 per cent in overseas equities, 27.9 per cent in fixed interest and 11.7 per cent in property.

'We have had no talks with rival' - Sedgwick

Sedgwick Group, Britain's biggest independent insurance broker, yesterday denied suggestions that it was holding talks on the purchase of a stake in Stewart Wrightson, one of its larger broking rivals.

'There's absolutely no truth in it at all,' said Sedgwick's company secretary, Mr Frank Hitchman, of rumours that Mercury Securities, holding company for merchant bank S. G. Warburg, was discussing the sale of its 29.9 per cent holding in Stewart Wrightson to Sedgwick and that a bid from Sedgwick seemed imminent.

Sovereign Oil welcomes new shareholder

Home Oil, a Canadian oil and gas company, has no immediate plans to increase a 22.9 per cent stake which it has agreed to acquire in Sovereign Oil and Gas, a UK exploration company.

Home, a subsidiary of Hiram Walker Resources, for CS40m Sovereign said it welcomed the new shareholder, and that the change "was likely to provide Sovereign with the opportunity to expand into international areas."

Home has told Sovereign it views its purchase as a long-term investment which will provide it with an important position in the North Sea and Europe.

Four months into the new financial year at Amersham International, Sir John Hill, chairman, told the annual meeting that indications so far were favourable for the company's performance in 1984/85.

Looking further ahead he was confident that the company should continue to make solid advances in the coming years.

BOARD MEETINGS

Table listing board meetings for various companies including Anglo American, Anglo American Industrial, Anglo American Petroleum, Anglo American Paper, Anglo American Textiles, Anglo American Chemicals, Anglo American Food, Anglo American Services, Anglo American Transport, Anglo American Real Estate, Anglo American Finance, Anglo American Insurance, Anglo American Media, Anglo American Entertainment, Anglo American Education, Anglo American Health, Anglo American Technology, Anglo American Research, Anglo American Development, Anglo American Construction, Anglo American Infrastructure, Anglo American Energy, Anglo American Environment, Anglo American Agriculture, Anglo American Forestry, Anglo American Mining, Anglo American Manufacturing, Anglo American Retail, Anglo American Wholesale, Anglo American Distribution, Anglo American Logistics, Anglo American Transportation, Anglo American Communication, Anglo American Information, Anglo American Data, Anglo American Computing, Anglo American Software, Anglo American Hardware, Anglo American Electronics, Anglo American Telecommunications, Anglo American Media, Anglo American Entertainment, Anglo American Education, Anglo American Health, Anglo American Technology, Anglo American Research, Anglo American Development, Anglo American Construction, Anglo American Infrastructure, Anglo American Energy, Anglo American Environment, Anglo American Agriculture, Anglo American Forestry, Anglo American Mining, Anglo American Manufacturing, Anglo American Retail, Anglo American Wholesale, Anglo American Distribution, Anglo American Logistics, Anglo American Transportation, Anglo American Communication, Anglo American Information, Anglo American Data, Anglo American Computing, Anglo American Software, Anglo American Hardware, Anglo American Electronics, Anglo American Telecommunications.

Falconbridge lifts first-half profits

THE Canadian nickel-producing Falconbridge has had a good first-half 1984 compared with the depressing result of a year ago.

Second quarter 1984 earnings amount to \$6.38m (£4.88m) and brings the total for the half-year to \$16.26m, or C\$2.26 per share.

In addition the company had a gain in the latest period of C\$16.10m from the sale of Superior Oil stock to Mobil and there was a tax credit of C\$6.98m. These items raised total first-half earnings to C\$33.4m or C\$5.48 per share, compared with a restated loss of C\$40.1m in the same period of last year.

Mr William James, the chairman, said that the main reasons for the rise in first-half earnings, before extraordinary items, were higher prices received for nickel, increased sales of base and precious metals and a reduction in costs.

However, he added that the increased prices realised for nickel and ferro-nickel products "continued to be heavily influenced by the low price levels offered by certain producers and traders."

Internal actions pay off at Brickhouse Dudley

MR RICHARD GRAVES, chairman and chief executive of Brickhouse Dudley Group, West Midlands supplier of materials and services to the building and civil engineering industries, said the annual meeting that the group "was firing on all cylinders" with all divisions trading profitably.

He added: "The improvements which we are now seeing in our companies are more as a result of measures which we have taken internally than those which have been induced by an improved economic scene."

These measures, taken before the close of the last accounts, are bearing fruit. The first quarter of this year has shown a more consistent volume of input related to capacity, improved productivity and further efficiency savings.

Mr Graves said the merchant division had continued to make progress. Exports, although beset by the difficulties of the Gulf war and Libya, were maintaining a good level of business, and the group's civil engineering arm showed strong signs of valuable growth.

He said the indications were that, unless the current problems of industrial unrest escalated, he expected to see a healthy advance in profits.

At the annual meeting of RFD Group, the acting chairman Mr D. B. Mynors said making any forecast for the full year was inappropriate because the meeting was six weeks earlier than usual.

What had been seen so far, he said, was exactly in line with the directors' statement with the year-end accounts, namely that while increased profits could be expected for the full year, not much of the improvement might be seen at the interim stage owing to the delivery timing of several important contracts.

BIDS AND DEALS IN BRIEF

Mitchell Cotts' subsidiary, Howard Humphreys Group, a leading consulting engineer, has acquired Hong Kong-based Pym Group Consultants, one of the volvo's major consulting organisations.

Pergamon Press has purchased 290,000 ordinary shares in the P-15 Printing & Communication Corp and now holds 53.99m (59.14 per cent).

F. J. C. Liley has completed the sale of Ace Machinery and William Jones (Chemical Engineers) to a consortium led by the existing directors of these subsidiaries.

Consideration was £103,000 cash, which is equivalent to the net asset value of the end of January 1984.

The 4.6 acre site at Charlton, London is being retained by a Liley Group and a short term lease has been entered into with the purchaser.

Lilleshall announces completion of the sale of its subsidiary, Lilleshall Engineering, to TWH of Sheffield, after approval from the Office of Fair Trading.

Munro Corporate, a corporate finance group, is acquiring Afegir Investments from African Finance Corporation for £400,000 payable through the issue of Munro shares, which Afegir will retain.

Both Munro and Afegir are issuing shares, and Afegir makes a market in 16 companies traded over-the-counter. Munro acquired "Global" "Hedged" leader, N. K. Cosgrave, in March.

EQUITIES

Table of equity prices for various companies including Amari, Anglo American, Anglo American Industrial, Anglo American Petroleum, Anglo American Paper, Anglo American Textiles, Anglo American Chemicals, Anglo American Food, Anglo American Services, Anglo American Transport, Anglo American Real Estate, Anglo American Finance, Anglo American Insurance, Anglo American Media, Anglo American Entertainment, Anglo American Education, Anglo American Health, Anglo American Technology, Anglo American Research, Anglo American Development, Anglo American Construction, Anglo American Infrastructure, Anglo American Energy, Anglo American Environment, Anglo American Agriculture, Anglo American Forestry, Anglo American Mining, Anglo American Manufacturing, Anglo American Retail, Anglo American Wholesale, Anglo American Distribution, Anglo American Logistics, Anglo American Transportation, Anglo American Communication, Anglo American Information, Anglo American Data, Anglo American Computing, Anglo American Software, Anglo American Hardware, Anglo American Electronics, Anglo American Telecommunications.

FIXED INTEREST STOCKS

Table of fixed interest stock prices for various companies including Cambridge Water, Cap & Douglas, Cap & Douglas 2, Cap & Douglas 3, Cap & Douglas 4, Cap & Douglas 5, Cap & Douglas 6, Cap & Douglas 7, Cap & Douglas 8, Cap & Douglas 9, Cap & Douglas 10, Cap & Douglas 11, Cap & Douglas 12, Cap & Douglas 13, Cap & Douglas 14, Cap & Douglas 15, Cap & Douglas 16, Cap & Douglas 17, Cap & Douglas 18, Cap & Douglas 19, Cap & Douglas 20, Cap & Douglas 21, Cap & Douglas 22, Cap & Douglas 23, Cap & Douglas 24, Cap & Douglas 25, Cap & Douglas 26, Cap & Douglas 27, Cap & Douglas 28, Cap & Douglas 29, Cap & Douglas 30, Cap & Douglas 31, Cap & Douglas 32, Cap & Douglas 33, Cap & Douglas 34, Cap & Douglas 35, Cap & Douglas 36, Cap & Douglas 37, Cap & Douglas 38, Cap & Douglas 39, Cap & Douglas 40, Cap & Douglas 41, Cap & Douglas 42, Cap & Douglas 43, Cap & Douglas 44, Cap & Douglas 45, Cap & Douglas 46, Cap & Douglas 47, Cap & Douglas 48, Cap & Douglas 49, Cap & Douglas 50, Cap & Douglas 51, Cap & 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WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market. Closing prices, August 3

Table of over-the-counter stock prices including columns for stock name, bid, ask, and change. Includes sections for A-E, F-I, J-L, M-O, P-R, S-T, U-V, and W-Z.

CANADA

Table of Canadian stock prices for August 3, 1984, listing various companies and their closing prices.

DENMARK

Table of Danish stock prices for August 3, 1984, listing companies like Aarhus and Copenhagen.

JAPAN

Table of Japanese stock prices for August 3, 1984, listing companies like Aisin and Daiichi.

HONG KONG

Table of Hong Kong stock prices for August 3, 1984, listing companies like Bank East Asia and Cheong Chee.

FRANCE

Table of French stock prices for August 3, 1984, listing companies like Air Liquide and Bouygues.

GERMANY

Table of German stock prices for August 3, 1984, listing companies like BASF and Volkswagen.

NETHERLANDS

Table of Dutch stock prices for August 3, 1984, listing companies like AEG and Alkermes.

SWEDEN

Table of Swedish stock prices for August 3, 1984, listing companies like ASEA and Volvo.

AUSTRIA

Table of Austrian stock prices for August 3, 1984, listing companies like Central Finance and Innotech.

NETHERLANDS

Table of Dutch stock prices for August 3, 1984, listing companies like AEG and Alkermes.

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NETHERLANDS

Table of Dutch stock prices for August 3, 1984, listing companies like AEG and Alkermes.

ITALY

Table of Italian stock prices for August 3, 1984, listing companies like Banca Commerciale and Eni.

NORWAY

Table of Norwegian stock prices for August 3, 1984, listing companies like Bergens Bank and Breda.

SOUTH AFRICA

Table of South African stock prices for August 3, 1984, listing companies like Anglo American and Anglo Coal.

SPAIN

Table of Spanish stock prices for August 3, 1984, listing companies like Banco Bilbao and Banco Exterior.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table of American stock exchange closing prices for August 3, 1984, listing major companies like IBM, Microsoft, and General Electric.

Continued from Page 15

NEW YORK CLOSING PRICES

Table of New York closing prices for August 3, 1984, listing companies like IBM and Microsoft.

Continued from Page 15

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OVER-THE-COUNTER

Table of stock prices and market data under the 'OVER-THE-COUNTER' section.

Table of stock prices and market data, continuing from the previous table.

Table of stock prices and market data, continuing from the previous table.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS. A list of various trade fairs and exhibitions scheduled for the month.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

OVERSEAS TRADE FAIRS

OVERSEAS TRADE FAIRS. A list of international trade fairs and exhibitions.

BUSINESS CONFERENCES

BUSINESS CONFERENCES. A list of business conferences and seminars.

CONTRACTS

CONTRACTS. A list of various contracts and tenders.

Contracts & Tenders

REPUBLICUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE. Notice regarding contracts and tenders in Algeria.

REPUBLIC OF DJIBOUTI

REPUBLIC OF DJIBOUTI. Notice regarding public works and tenders in Djibouti.

REPUBLIC OF DJIBOUTI

REPUBLIC OF DJIBOUTI. Notice regarding public works and tenders in Djibouti.

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NITTO BOSEKI CO., LTD.

CONTRACTS AND TENDERS

ADVERTISING APPEARS EVERY MONDAY. THE RATE IS £33.00 PER SINGLE COLUMN CENTIMETRE.

REPUBLIC OF DJIBOUTI

REPUBLIC OF DJIBOUTI. Notice regarding public works and tenders in Djibouti.

Company Notices

NACIONAL FINANCIERA F.L.R. NOTES DUE 1981. ITO-YOKADO CO., LTD. (CORP).

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON FIRE & MARINE INSURANCE CO., LTD.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., High Income, and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Information Service, including Frimlington Unit Mgt. Ltd., Key Fund Managers Ltd., and others.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Information Service, including Key Fund Managers Ltd., Perpetual Unit Trust Mgmt., and others.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Information Service, including Perpetual Unit Trust Mgmt., Trade Union Unit Trust Managers, and others.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Information Service, including Trade Union Unit Trust Managers, Transatlantic and Gen. Secs., and others.

FT UNIT TRUST INFORMATION SERVICE

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F.T. CROSSWORD PUZZLE No. 5484

ACROSS
1 Mourn many a mentally dejected helper (6)
4 Friend joins serious historian (8)
9 I'm a one I leave peculiar mystery (6)
10 Somehow eluding point crannies (8)
12 Sail with little perhaps took me (8)
13 Early exam has no virtue (6)
15 Harriet slips short to see antiquary (4)
16 No-one comes back after money is usually (4)
19 An attempt to carry in Venetian glass (10)
20 We object to journalist being employed (4)
23 Somewhat charmed in an ancient part of Saudi Arabia (6)
25 Bourdieu's heroine may be seen in bed (8)
27 Raconteur sailor hurried back with alternative (8)
28 Does change include copper coin (6)
29 Stress I'd accepted - it wasn't intended (8)
30 Confine me by one so to speak (6)
DOWN
1 The French queen set up Oudry's father (7)
2 It could be in a moolest part of Kent (9)
3 Some pop music for ancestors (8)
5 One come may cause inflammation (4)

Crossword puzzle grid with numbers 1-30 indicating starting positions for the clues.

6 Man surrounded by fruit-glutton (8)
7 Short money you are heard to rebore (8)
8 Stop in rewritten letter (7)
11 To impose on what belongs to us (7)
14 In a word, a head in Bunn (7)
17 Set up organisation (9)
18 Fineness of gold is the criterion (8)
19 Battle with Poles - a battle! (7)
The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

INSURANCES

Table listing insurance companies and their services, including Continental Life Insurance Co., and others.

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هنگامه اخبار

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial products, including Liberty Life Assurance Co Ltd, National Provident Institution, and others, with columns for company name, address, and contact information.

Main table listing insurance, overseas, and money funds, including companies like S&P Prudential Group, Target Life Assurance Co Ltd, and various international investment funds.

Table listing money market bank accounts and trust funds, including companies like Standard Bank, Citibank, and various international trust services.

NOTES: Interest rates are quoted on a nominal rate and an annual percentage rate basis for frequency of interest.

HIRB
The best selling Lorry Loaders in the world
Tel: 01-965 6538
George Cohen Machinery Ltd., 25 Sandown Rd., London NW11 6QQ

FINANCIAL TIMES

Monday August 6 1984

AP188 the next generation of hovercraft
British Hovercraft

Terry Byland on Wall Street Exultation remains selective

"WE HAVE the best of all possible worlds - a strong economy and low inflation," exulted one of Wall Street's more ebullient brokers on Friday morning, as share prices and turnover took off into the stratosphere. Some analysts might have reservations about both sides of that statement, but they were mostly keeping their opinions to themselves at the end of last week.

The slide of nearly 100 basis points over the past month in yields on long-dated bonds had probably left the stock market with a good deal of ground to catch up. The catalyst was last week's announcement of an unexpected dip in the Commerce Department's leading economic indicators, coupled with successive and contradictory rumours on the outlook for oil prices.

The sudden breach in the dam of negative market attitudes sparked off something like a buying panic among the investment institutions. At the end of the week, the buying was still largely confined to the U.S. institutions. The retail investors - the mutual funds and the private buyers - were still on the sidelines, and foreign institutions, in particular UK funds, were keeping their hands firmly in their pockets.

Last week's burst of strength was to part a reaction to the market's weakness over the preceding 12 months. Not all market sectors have suffered equally since the middle of last year, however, and not all will recover equally. It was already clear on Friday that the market rally was picking out those with the best prospects.

An aptly timed comparison of stock sector performances over the past year compiled by Smith Barney Harris Upham brings out the degree to which the market had become defensive. The best performers, relative to the Standard & Poor's 500-stock index, were containers - glass and metal - tobaccos, soft drinks, food and leisure groups. All benefited from being cheap consumer product industries in a time of high employment.

But these sectors were brushed aside last week, as investors rushed to buy the very stocks that have been most neglected during the bear market.

Right at the top of shopping lists were the shares of the Wall Street brokerage firms themselves, which have plunged heavily this year as profits have been sliced by the slump in both turnover and stock prices.

By the same token, the securities firms stand to benefit strongly if market turnover maintains anything like the record totals seen at the end of last week. The industry can prosper on daily trading orders of 150m shares - so Friday's 236.6m total worked wonders on the stock prices of the big trading houses.

Merrill Lynch, featured repeatedly in the active stocks list at the end of last week, saw more than 8.2m shares turned over - nearly 10 per cent of the issued equity - and its stock price rose by nearly 30 per cent. Paine Webber shares jumped by 25 per cent, while Donaldson Lufkin Jenrette, with a 17 per cent gain, could be accused of lagging behind.

Railway company stocks surprised many analysts by suddenly returning to the buying lists after several months in which they were shunned as cyclical stocks whose time had passed. The upswing of 13 per cent in Burlington Northern and 10 per cent in Norfolk and Southern indicated the market's belief that the stocks had fallen too far in view of the strength still showing in the economy.

The rail stocks made a strong contribution to the massive rise in the Dow Jones transportation average - 14.18 per cent up on the week.

When Wall Street opens for trading this morning, there may well be profit-takers as well as new buyers. But there is no reason to suppose, given the growing optimism over prospects for interest rates and for inflation, that last week's gains are the end of the story. The year-long weakness of the stock market has left too many tantalising opportunities for the bold.

U.S. car groups plan to lift output as sales soar

BY TERRY DODSWORTH IN NEW YORK

U.S. CAR sales continued to rise rapidly last month on a year-on-year basis, illustrating the current strength of consumer demand when many economists had expected some slackening.

Total deliveries by the big three domestic manufacturers rose by 18 per cent from 552,000 last July to 659,000. General Motors, the largest of the three, showed the smallest gain, with shipments up by 15 per cent from 348,000 to 399,000. But that slowdown was partly attributed to delivery difficulties caused by model changes.

Ford and Chrysler, however, experienced strong sales growth, with Ford's shipments up by 26 per cent from 129,000 a year ago to 163,000, and Chrysler's jumping by 30 per cent from 75,000 units to 97,000.

GM and Ford also showed big gains in their truck sales, which are regarded as an indicator of the strength of economic activity. GM's deliveries rose by 23 per cent from 103,000 vehicles to 127,000, while Ford's were up by 22 per cent from 81,000 to 99,000.

American Motors, the U.S. company in which Renault of France has the controlling interest, also announced its best July sales figure for 21 years, with sales of its domestically produced cars soaring by 70 per cent to 24,000 units, and of its Jeep models by 108 per cent to 13,000.

In the year to date, GM's car sales are up by 25 per cent to 2.9m units, while Ford's have risen by 31 per cent to 1.7m.

Although the growth in U.S. sales

has been levelling out over the last few months, U.S. car manufacturers are still planning to expand production in the last half of this year.

According to Ward's, the authoritative motor industry guide, manufacturers are aiming to push up output by 10 per cent to 1.75m on a year ago in the July-September quarter. In the following quarter, when the comparison is with a buoyant period a year ago, the target is a 4 per cent increase on a year ago to 1.99m units.

The industry is now reckoned to be set to achieve output of around 8m units for the year, some 18 per cent above the 6.78m produced in 1983, and the best year since the 8.42m manufactured in 1979.

Reagan pledge on income tax, Page 2

Golden Lewis limbers up for money marathon

IT IS NOT that he shuns ordinariness: more properly on some days, in some races - he seems to shun earthliness.

He is easily the dominating personality of the Los Angeles Olympic Games, but even to venture further - to describe Carl Lewis as the lineal descendant of the great Jesse Owens who won four gold medals in Berlin 1936 - may soon be inadequate. In short, Lewis is defining a category of excellence of which he may be the sole occupant.

In the Los Angeles coliseum on Saturday, Lewis, a 23-year-old American, won the men's 100m in a time of 9.99 seconds, a fifth of a second faster than second-placed Sam Graddy, also of the U.S. A Canadian, Ben Johnson, finished third (10.22 secs), while two Londoners, Michael McFarlane (10.27) and Donovan Reid (10.33), finished fifth and sixth.

The temperature was 74 degrees, which Lewis loved. While the other sprinters strained and pedaled, Lewis seemed to float, then surge, then streak, accelerating away from 50m with magnificent lift and power. His time equaled the seventh fastest ever and set an Olympic sea-level record. The world record (9.93 secs held by Calvin Smith) and the official Olympic record (9.95, Jim Hines) were both set at altitude. Lewis's personal best is 9.97.

Being famous, Lewis will now be made rich - extremely rich. After all, what are the Olympics for?

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First, there is the seeming formality of three more goals. Today Lewis is to run two heats of the 200m, an event in which he is the world's best, and the only runner to break 20 seconds with consistency.

He is also to contest the long jump final today. Again, he is overwhelming favourite. His best jump is 28 feet 10.25 inches, just 4.25 ins behind Bob Beamon's current world record of 29 ft 2.5 ins set at altitude in 1968.

Tomorrow is a rest day in track and field. On Wednesday Lewis is expected to win the 200m final. On Saturday he could easily win another gold in the 4 x 100m relay. These are the same four gold medals won by Owens in 1936.

According to a written statement issued by Lewis after the 100m final: "As far as I am concerned, 60 per cent of it is over." He believes the 100m was his fiercest test and that the next three golds will come easily by comparison.

Lewis has never lacked foresight, which is why his packaging and selling have been so meticulously planned. He is about to consolidate his position as a major commercial property, the richest doll in the cabbage patch.

None of it will happen by accident. Lewis maintained that Mark Spivey, the swimmer, and Bruce Jenner, the decathlete, were "not prepared" for the post-Olympic stampede which greeted their achievements. Instead, in 1981, Lewis and his coach sketched out a four-year plan aimed at maximising his media marketing appeal.

Participation in track meets was limited to ensure that Lewis was always rested and prepared, though appearances in Los Angeles and New York were almost always accepted. Endorsements were kept to a handful so as to secure the big one after the games.

Lewis hopes to become identified with a single major company, as O. J. Simpson is with Hertz, or Bob Hope with Texaco. He took acting and singing lessons, saying "If I do a TV series I want to be the star, and I want a big say in what's written." And he sought to relate well with the public after major achievements - not with shows of emotion he did not feel, but with gestures "large enough so everyone could see."

In the next six days discussion of whether Carl Lewis is an "amateur" or a "professional" will be magnificently beside the point. He transcends the cabbage patch. He is Carl Lewis, athlete. Or as the advertising agencies will no doubt maintain, Carl Lewis is.

Washington committee calls for tighter takeover rules

BY TERRY DODSWORTH IN NEW YORK

LEGISLATION outlawing a number of defensive tactics that have been heavily criticised in U.S. takeover battles this year has moved closer with the adoption of a series of proposals by the commerce committee of the House of Representatives.

Committee members hope they will be able to agree with the Senate on a similar Bill during September. The aim is to present legislation for presidential approval before the elections in November, although it might run into opposition from the White House after critical comments by Mr Donald Regan, the Treasury Secretary.

The main aim of the proposals is to give the bulk of shareholders advance notice of new takeover battles. That has meant that most of the proposals are concentrated on defensive tactics - in particular on share dealings which tend to dilute the company's equity, or treat some shareholders on a different basis from others.

Five main issues are being tackled. The so-called "greenmail" technique, under which managements buy out a large hostile minority at a premium, would be banned unless it had shareholders' approval, or the stock has been held for more than two years.

Self tenders, in which companies repurchase their own stock during a takeover battle, would also be outlawed, unless shareholders approved. The issue of more than 5 per cent of a company's stock during a battle would be prohibited. That is often done to dilute the value of the shares and thus of the bidder's stake.

"Golden parachutes" - the lucrative service contracts that protect managements if they lose their jobs

as a result of a takeover, would be prohibited during a bid.

Finally, there would also be an amendment to present legislation to make it more difficult for bidders to mount raids. Instead of being given 10 days, as at present, to announce a shareholding of more than 5 per cent, they would have to declare it within 24 hours and desist from further purchases for two working days.

Some members of Congress would like to see more sweeping measures to reduce the present boom in takeover activity, which they regard as harmful to the general economy. Further legislation may be proposed next year on those issues, particularly to cover the question of workforce interests. For the time being, however, the proposals are concentrating on an area in which it is felt that a broad consensus has emerged.

Texas company in UK oil rig deal

BY IAN RODGER IN LONDON

BAKER MARINE, a U.S. manufacturer of oil industry equipment, has granted a British steel fabricating group a licence to build oil rigs and other structures for the offshore industry.

ITM (Offshore), which constructed a floating port for use in the Falkland Islands last year, expects the licensing deal to bring it £100m (£81m) of new business a year and plans to take on 200 new workers at two sites on Teesside in the north-east of England.

The British company is paying Baker Marine \$500,000 or the licence, spread over the sale of the first five units built. The agreement allows ITM to market Baker-designed rigs throughout the world, except for Japan and South Korea, for an unlimited period.

ITM today begins work on its first £20m mobile platform, although it has no firm order for it yet. The heavy construction will be done at the Head Wrightson engineering works acquired from Davy Corporation in June. Assembly of the completed sections will be carried out at another site.

Mr A. J. Duffield, chairman of ITM, noted that it was the first agreement to be signed since a government statement urged American companies to transfer offshore technology to the UK.

"ITM now looks to the Government for active support in the utilisation of these vessels," he said.

The privately held company went into business in 1978 to move large fabrications, both on land and sea. It diversified into building specialised ships and fabrications and is working on an 800-tonne steel jacket for Shell. The group's total workforce is about 400 and turnover about £35m a year.

The agreement with Texas-based Baker Marine covers self-elevating mobile oil rig platforms, platform rigs, drill ships and accommodation jack-ups (rigs).

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Jaguar to announce allotment

By Alexander Nicol in London

INVESTORS who scrambled on Friday to buy shares in Jaguar, the British car maker, will learn this morning on what basis shares will be allotted.

The £293m (£384.1m) issue was about eight times oversubscribed.

Requests from about 300,000 investors were counted by early Saturday morning. Jaguar's bankers had weeded out as many multiple applications as they could detect, as well as those which were clearly "stags" - speculators seeking to make a profit through a quick sale.

Smaller applications are understood to have been placed in a ballot on Saturday, while larger ones from City of London institutions will be scaled down with the aim of securing broad and balanced ownership of the 777m shares, which are being sold at a fixed price of 165p each.

Slightly murring what has so far been a successful sale is a dispute over whether options on Jaguar shares can be traded as soon as the shares themselves reach the Stock Exchange.

Option traders, led by Mr David Steen, chairman of the Stock Exchange Traded Options Committee and a partner at stockjobbers Pinstrip Denny, are seeking to add Jaguar to the 24 large British companies now listed on the traded options market.

An option gives the right to buy or sell shares at a given price within a fixed period, and allows investors to speculate on share price movements or to hedge their portfolios. Jaguar would be the first addition to the UK options list for some time.

Zia bid to save project

Continued from Page 1

The deal became caught up in rivalry between Pakistan Government ministries supporting the public and private sector, and Associated failed to find fresh equity financing.

Chase Manhattan Bank of the U.S. became the financial adviser and has produced proposals, still to be finalised, for £2m loans to cover foreign exchange costs. That is believed to be broadly equivalent to the cash Austin Rover hopes to raise by selling the plant.

To ease the developing crisis, BL raised its stake to 20 per cent but rejected requests to go to 40 per

cent and cover almost all the Middle East stake.

"We do not want to be managing the company, and if we go above 20 per cent, we will be seen as managing it," Mr Musgrove said at the weekend.

Ital production the UK market will stop in December and Austin Rover has told Associated it must finalise any deals by next month, or the plant might be broken up and auctioned.

The deal would start with 2,000 to 3,000 cars being shipped in knocked down form from the UK for assembly in Pakistan.

World Weather

Location	C	F	Location	C	F
Alexandria	21	80	London	18	64
Amman	22	82	Madrid	15	59
Algiers	23	84	Moscow	12	54
Ankara	24	85	New York	10	50
Antwerp	18	64	Osaka	25	77
Athens	25	85	Paris	16	61
Bahia	26	85	Rome	17	63
Bangkok	32	90	Stockholm	11	52
Batavia	28	92	Taipei	28	82
Bombay	30	92	Tokyo	26	85
Buenos Aires	24	85	Washington	14	57
Calcutta	31	94	Wellington	13	55
Canton	29	94	Yokohama	24	85
Cebu	30	92			
Colon	28	92			
Hankow	27	91			
Hong Kong	28	92			
Kobe	26	85			
London	18	64			
Lyons	17	63			
Manila	29	94			
Medan	28	92			
Osaka	25	77			
Perth	24	85			
Rangoon	29	94			
San Francisco	15	59			
Singapore	30	92			
Sourabaya	29	94			
Taipei	28	92			
Tokyo	26	85			
Yokohama	24	85			

Cool response to debt plan

Continued from Page 1

tude of smaller bank lenders to Mexico, whose reservations about new loans slowed syndication of a \$3.8bn credit for Mexico this year.

Bankers say that Friday's meeting illustrates the difficulty of delivering the more favourable re-scheduling deals being sought for some Latin American borrowers as a matter of official Western policy.

Longer maturities, lower margins and multi-year agreements were among the techniques endorsed by Western lenders at their economic summit in June.

Oil glut 'likely to continue'

Continued from Page 1

countries will rise by only 1.5 per cent in 1985 on the assumption of an average economic growth rate of 2.7 per cent.

Looking ahead, the IEA projections hold out little hope of relief for hard-pressed Opec member states. They indicate that, with no movement of stocks, demand for Opec crude would be only about 18m b/d in the third quarter and no more than 18.2m b/d in the fourth quarter. This gives no scope for increasing Opec's production ceiling of 17.5m b/d.

THE LEX COLUMN New substructure for Dome

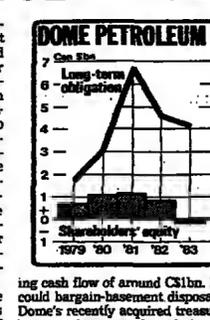
The agreement which Dome Petroleum and its creditors signed last week almost certainly set a world record - C\$5.2bn (U.S.\$3.8bn) - for the largest rescheduling of corporate debt. Like the accords which banks have grown used to negotiating with sovereign debtors, it also threatened to establish new standards for the quantity and complexity of paperwork. It is a remarkable achievement to have pulled the contracts between Dome and its 65 international creditors under a single umbrella, not least because the underlying documents extend over something like 60,000 pages of confused and often conflicting covenants.

Like any outside debtor, Dome has been able to keep a grip on its bankers by holding the balance of terror. Failure to reach some such deal might in the end have had effects on the banking system that would dwarf the recent troubles of Continental Illinois. At least since the change of management last October, however, Dome has positively recognised that it would be a waste of time asking any creditor to give up security, and a deliberate cards-on-the-table approach has helped to persuade creditors to sink their differences on that crucial point.

It says much, after all, for the strength of Dome Petroleum's underlying business - which still has book assets of C\$2.2bn - that the company did not at some point succumb to bankruptcy itself. The outsider might note the less wonder if it were for want of trying. In the period from 1977 to 1982 the management of the time indulged in an orgy of acquisition; even before the two-stage purchase of Hudson's Bay Oil and Gas resulted in a gross outlay of U.S.\$3.5bn, the company had snapped up an ill-considered assortment of trifies - such as 49 per cent of TransCanada Pipelines - at a total cost of nearly C\$2bn.

Since virtually all of these purchases were financed by bank borrowings, it is not surprising that Dome's indebtedness at one point exceeded C\$8bn. And since much of the debt was in U.S. dollars at floating rates, rising primes were almost bound to throw Dome into the arms of its bankers before long.

That probably became a certainty when the falling price of oil started ripping into the valuation of Dome's petroleum reserves. Once that happened, the company could never realistically have attempted to "trade out" of its balance sheet difficulties - even on annual opera-



advice to his client. In some instances, a board appointment may have the opposite effect of compromising the independence of the adviser's judgment.

Several of Britain's best-run companies - BTR, Hanson Trust and Rasal are outstanding examples - neither invite non-executives on to their boards nor encourage their own managers to take up outside directorships elsewhere. At the very least, the presence of a non-executive is hardly a sine qua non of commercial success.

Yet, even in those cases where the non-executive plays a valuable advisory role, where is a danger that undue emphasis on this aspect of the job will obscure a more important responsibility - to act as an independent custodian of shareholders' interests.

The performance of Lombr's nominees on the House of Fraser board provides an admittedly extreme illustration of how outside directors will take up the cudgels on behalf of a single shareholder. There are, however, precious few examples of a similar role being performed on behalf of the general body of shareholders. Non-executives have proved exceedingly reluctant either to force change within a poorly performing management or themselves to resign when at loggerheads with the board. The battle between the late Mr Angus Murray and the former management at Newman Industries is virtually the only case on record.

The inclusion of a non-executive directors' statement in a company's annual report might help to define responsibilities more tightly. Similarly, periodic meetings between outside directors and shareholders would have the effect of making non-executives themselves more accountable. Besides commenting on the strategic direction of the business, non-executives should be ready to justify, for example, the remuneration of their executive colleagues.

Finally, it might be in shareholders' interests to limit the term of office of non-executive directors. While appointees clearly need time to gain a thorough understanding of the business, there is some evidence that familiarity breeds contempt. Non-executives too often come to see their first loyalty as being to a chairman and chief executive, whereas their job should be to monitor the performance of these managers and take action when they fail to produce the goods.

The non-executive director in the UK boardroom falls into much the same category as the hidet in the bathroom. While there is general agreement that its installation adds to the tone of the room, the precise function of the apparatus is a matter for debate. Last week, at a conference sponsored by a British employers group, a succession of distinguished speakers extolled the virtues of the non-executive director. Yet, for an idea that attracts such widespread acclaim, the achievements to date have been surprisingly modest.

The ineffectiveness of outside directors frequently results from an imprecise definition of the job. Non-executives are often appointed to advise management in areas of which they have particular expertise. In some cases, this is no doubt a useful function. But there is no reason, on the face of it, why a seat on the board should assist a merchant banker or a solicitor in giving

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Handwritten signature: "J. H. Smith"